

MUSEUMS AND GALLERIES ACT 1992

Presented pursuant to Museums and Galleries Act 1992, c.44 section 9(8)

Victoria and Albert Museum Annual Report and Accounts 2007-2008

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 17 JULY 2008

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Annual Report

1. Introduction

The V&A is Britain's national museum of art and design. Its origins lie in the Government School of Design founded in 1836 and it opened as Museum of Manufactures (at Marlborough House) in 1852. It was renamed the Museum of Ornamental Art in 1853 and became the South Kensington Museum in 1857. Queen Victoria conferred the name "Victoria and Albert Museum" in 1899. The V&A was part of the Government's Department of Education and Science and operated under the auspices of an Advisory Council until 1 April 1984 when it acquired Trustee status with the passing of the National Heritage Act 1983. The V&A is currently sponsored by the DCMS. The Museum's Board of Trustees is answerable to the Secretary of State for Culture, Media & Sport for the policies and performance of the Museum. The Minister is, in turn, answerable to Parliament. The Director of the V&A is accountable both to the Board as Chief Executive and to the Secretary of State as Accounting Officer.

The Victoria and Albert Museum (V&A) comprises the main site at South Kensington, the V&A Museum of Childhood (MoC) at Bethnal Green and the archive/study collections site at Blythe House, West London. There are collections stores in Battersea, London, and Dean Hill Park, Wiltshire.

This annual report covers all of the charitable activities undertaken by the V&A in 2007/08, organised under three headings: Collections & Visitors, Exhibitions & Contemporary and Education, Learning & Interpretation. It also refers to the Museum's key strategic objectives. Further information can be found in other corporate documents, notably, the V&A Annual Review 2007/08 and the 2007/08 annual report against the DCMS/V&A Funding Agreement. These can be found at the V&A website: www.vam.ac.uk.

V&A Mission

As the world's leading museum of art and design, the V&A enriches people's lives by promoting the practice of design and increasing knowledge, understanding and enjoyment of the designed world.

V&A key strategic objectives

- To provide optimum access to collections and services for diverse audiences, now and in the future
- To be acknowledged and respected as the world's leading museum of art and design
- To promote, support and develop the UK creative economy by inspiring designers and makers, and by stimulating enjoyment and appreciation of design
- To operate with financial and organisational efficiency

2007/08 Financial Summary

	£'000
Total Income from continuing operations	87,654
Total Operating expenditure	(62,619)
Total Funds	420,115
Increase in cash and cash equivalents	3,123

Structure, Governance & Management

The V&A is governed by the National Heritage Act 1983 (NHA). The NHA was modified and repealed to some extent by the Museums and Galleries Act 1992, but this did not materially affect the status of the Museum. The V&A is a non-departmental public body sponsored by the Department for Culture, Media and Sport, and is a charity exempt from registration under the Charities Act of 1993. Its investments are governed by the Trustee Act 2000.

Appointments to the V&A Board of Trustees, including that of the Chairman, are made by the Prime Minister following the DCMS process for recruiting 'upper tier' public appointments. Appointment to the Board is governed by selection on merit, on the basis of equality of opportunity for all, and is subject to monitoring by the Commissioner for Public Appointments. There is one *ex officio* member of the Board, the Rector of the Royal College of Art; currently Professor Sir Christopher Frayling.

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2008 there were 12 Trustees; however the term of one of them expired on that date and the number of Trustees dropped to 11: the recruitment process was initiated with DCMS in 2007/08. Trustees serve an initial term of up to four years and are, in practice, restricted to serving for a total of no more than 10 years. Trustees are not remunerated but are able to claim expenses.

The V&A Board of Trustees has the following general functions under the NHA:

So far as practicable and subject to the provisions of this Act, the Board shall –

- (a) care for, preserve and add to the objects in their collections,*
- (b) secure that the objects are exhibited to the public,*
- (c) secure that the objects are available to persons seeking to inspect them in connection with study or research, and*
- (d) generally promote the public's enjoyment and understanding of art, craft and design both by means of the Board's collections and by such other means as they consider appropriate.*

The Comptroller and Auditor General is the auditor of the Museum's consolidated accounts. The audit fee for this work was £36,800. As far as the Accounting Officer and the Board of Trustees are aware there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer and the Board of Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information. The V&A has a close relationship with the Friends of the V&A (charity no. 272056), but does not have any control over its Board. The V&A co-operates with a wide range of charities and organisations in furtherance of its aims and objectives. Some of these are referred to in this annual report, but there are too many to list individually.

2. Collections & Visitors

V&A Strategic Objective A: Provide optimum access to collections and services for diverse users

The V&A won Large Visitor Attraction of the Year 2007 at the Enjoy England Awards for Excellence, the highest accolade in English tourism, run by Visit Britain (joint winners with the Imperial War Museum Duxford).

This followed the Museum's receipt of Visit London Best Visitor Attraction of the Year Award 2007, in which the judges said the following:

'June 2007 saw the V&A celebrate its 150th anniversary, and what better way to do it than with some truly excellent and innovative initiatives that helped draw record-breaking numbers of visitors. Events such as the incredibly popular Kylie exhibition, the new Jameel Gallery and associated events, and the Black Heritage events programme, attracted visitors from a wide range of cultural, social and ethnic backgrounds, many of whom were first time visitors to the Museum.'

Visitor numbers and profile and feedback

There were 3.76 million visits to V&A collections in 2007/08, comprising 2.62 million visits at our London sites and 1.14 visits to V&A touring exhibitions at other venues in the UK and around the world. This is the first time that touring exhibitions have attracted over a million visits and reflects the growing importance the Museum attaches to sharing our collections throughout the world (see below).

Visits to South Kensington, at 2,280,800, were lower than in 2006/07 by 11%. The numbers attending special temporary exhibitions were comparable in both years, but there were fewer high-profile gallery-openings in 2007/08. The decline is also attributed to lower tourist numbers in London generally, especially from North America.

At the V&A Museum of Childhood (MoC), the steep rise in visit figures that accompanied its re-opening in December 2006 after a year-long development project was sustained. The total of 332,800 visits was the highest ever and represented a rise of 41% compared to the previous full year of opening: 235,400 in 2004/05. The MoC has had a strong public programme and doubled capacity for formal education.

The V&A has a comprehensive strategy for Access, Inclusion & Diversity (AID) and continued to work to the AID Action Plan 2005-2008. Some aspects of the work and outcomes focused on visitors and collections are briefly outlined here.

The Museum continued its high-profile, HLF-funded project to promote and embed cultural diversity, *Capacity Building* and *Cultural Ownership*, which combined activities focused on collections, workforce and engagement. This is part of the over-arching Access, Inclusion & Diversity Strategy. The outputs themselves have been very diverse and included in 2007/08: the exhibition *Uncomfortable Truths: the shadow of slave trading on contemporary art and design*; gallery trails; workshops in heritage-related skills; recordings of performances; display of Asante gold weights to commemorate 50 years of Ghanaian independence; networking events; Flickr groups; inter-cultural festivals and many more.

Even though overall visit numbers fell slightly in 2007/08 compared to 2006/07, the number of visits by people from a UK Black, Asian and minority ethnic (BAME) background rose by 3.8% (223,600 in 2006/07; 232,100 in 2007/08). As a proportion of the total UK visits, BAME visits rose from 12% in 2006/07 to 14% in 2007/08. This is partly attributable to the MoC being open for the full year: BAME visits account for 28% of the total UK audience at MoC.

The V&A aims to have a workforce that reflects the cultural diversity profile of either the whole UK or that of London and the South East, depending on the designated recruitment catchment area for different jobs. The national and regional profiles were 8% BAME and 16% BAME respectively (2001 census), and in 2007/08 V&A BAME staffing was 11% for nationally-recruited posts and 21% for regionally-recruited posts, both having risen compared to 2006/07.

The *Kylie* exhibition proved extremely successful in attracting UK visitors from lower socio-economic groups: 21% from NS-SEC categories 5-8 as opposed to 13% for visitors to the whole Museum. A range of targeted social inclusion programmes often involved working in partnership, for example with prisons, community groups and charities, local authorities and other public bodies. Visits by people from lower socio-economic groups (NS-SEC 5-8) showed a similar pattern to that of UK BAME visits, again boosted by the contribution of MoC, where 37% of visits were from these groups. At all sites, their proportion of all UK visits rose from 12% in 2006/07 to 16% in 2007/08. Numbers of lower socio-economic group visits rose by 19.7% (224,900 in 2006/07; 269,100 in 2007/08).

The V&A continued and expanded its programmes and activities for disabled people, with particular emphasis on people with learning disabilities and mental health services users. The V&A has, for some time, collected data on visits to South Kensington by disabled people and from 2008/09 this will be a formal performance indicator. In 2007/08 4% of visitors identified themselves as having a disability or long-term health problems.

The V&A marked UK Lesbian Gay Bi-sexual and Transgender History Month for the first time in February 2008 with three introductory talks and gallery tours.

FuturePlan

This is the V&A's large-scale, long-term capital re-development programme. Its aim is to open up the Museum and its collections, both physically and intellectually, for everyone to use and enjoy. The galleries and public spaces of the historic buildings themselves are transformed through beautiful and sensitive design and the collections are presented in engaging and stimulating ways that draw on the latest research into objects, museum practice and historic interiors. By the end of 2008, more than 66% of public space at V&A South Kensington will have been upgraded.

As well as access to collections through display and interpretation, FuturePlan contributes to many other Museum agendas such as engagement with the creative industries, increasing audience diversity and inclusion and improving carbon-efficiency. FuturePlan is primarily funded from sources other than core Grant in Aid (GIA).

The main FuturePlan project completed in 2007/08 was the Porter Gallery, to house the Museum's Contemporary exhibition programme. In addition, a suite of galleries was adapted to make a showcase for theatre and performance following closure of the V&A Theatre Museum site in Covent Garden in 2007. These galleries opened in November 2007 with the exhibition, *Collaborators: UK Design for Performance 2003 – 2007* and will subsequently house displays from the V&A Theatre Collection. Opening of the Dorothy and Michael Hintze Gallery in July 2007 completed the run of Sculpture galleries on the ground floor.

Work progressed on a number of other FuturePlan projects, most notably: Jewellery Gallery (May 2008); Medieval & Renaissance Galleries (Nov 2009); two phases of the Ceramics Galleries (Sep 2009 and Apr 2010); Buddhist Sculpture in Asia (spring 2009) and the Sackler Centre for arts education at the V&A (Jul 2008). The following projects were initiated in 2007/08: The Arts of Thailand; 20th Century galleries; the Rosalinde and Arthur Gilbert Galleries. 2009 sees the end of the current phase of FuturePlan and the Museum began to plan for the subsequent phase (2010-2019), including a new building on Exhibition Road.

Online Museum and electronic access: <http://www.vam.ac.uk>

The internet is an important route to accessing the V&A collections, as demonstrated by the 24 million visits made in 2007/08 by users in 169 countries. Other languages are added regularly and there is now information in nine languages, including a special Chinese language site.

33% of the collections are accessible online. A good deal of this is accounted for by catalogue-style records, but there are 29,000 records in 'Search the Collections' (3.7% of the collections). In addition, the V&A websites provide extensive rich content with a focus on interactivity for all types of user, from specialist academic resources to games for young children. Every major exhibition has an associated website, there are specialist microsites, and the Museum is systematically uploading its learning resources. The V&A leads a consortium of nine national organisations in a project to increase use of their websites by schools (funded by the Treasury Invest To Save Budget), and also initiated a feasibility study on an integrated approach to making collections accessible via the web (with the National Museum of Science & Industry and the National Maritime Museum).

Throughout 2007/08, the V&A operated its pioneering initiative to allow free use of images by non-commercial users. The Museum also established a Digital Future Plan Group, chaired by the Director, to produce a comprehensive strategy and action plan for digital and media. One of the priorities here is a step change in the rate of digitisation of the collections.

The V&A was an Official Honouree of The 11th Annual Webby Awards, 2007.

The Gilbert Collection

In March 2008 the V&A entered into an agreement with the Heather Trust for the Arts (custodians of The Rosalinde and Arthur Gilbert Collection, a collection of silver, gold, micromosaics and gold boxes) to display this substantial collection at the V&A. The agreement has been signed by all stakeholders: the National Heritage Memorial Fund, The Gilbert Public Arts Foundation, the Gilbert Collection Trust, the Victoria and Albert Museum and the Heather Trust for the Arts. Under the agreement the Gilbert Collection (returned by the Gilbert Collection Trust) has been placed by the Heather Trust on loan with the V&A. The V&A Trustees have undertaken to provide both a prominent suite of galleries to be named The Rosalinde and Arthur Gilbert Galleries and a high level of curatorial care.

V&A Strategic Objective B: Be the world's leading museum of art & design**Acquisitions**

The V&A's status as the world's pre-eminent museum of art and design is founded upon its collections. As the vital heart of the Museum, it is essential to continually develop our collections to make the best of historic and contemporary design available to the public and to reflect changing societies. This is increasingly difficult to sustain under the pressures of reduced GIA, rising prices in the art market and competition from other buyers (both private and institutional), often from overseas. Nevertheless, the modest sums that the V&A is able to allocate to acquisition from core budgets is supplemented by funds levered in from elsewhere, such as donors, the Friends of the V&A and grant-making bodies. In 2007/08 the total cost of purchased objects was £760,000, of which 42% came from Museum funds. In all the V&A acquired 13,526 objects for the collections, of which 12,296 were donated. Collecting is partly driven by the temporary exhibitions programme and objects were acquired for forthcoming shows, *A Century of Olympic Posters*, *Blood on Paper: The Art of the Book*, *Cold War Modern* and *Quilts*.

Acquisition Highlights in 2007/08:

- 'Scandal': a bronze relief signed and dated by the artist, Charles Sargeant Jagger (1885-1934). The relief, dated 1930 is the companion piece to the Melchett fire basket, also by Jagger, and acquired by the V&A in 2005. Both the relief and the fire basket were commissioned as a part of a decorative remodelling for Mulberry House, Smith Square, Westminster. The pieces are of outstanding aesthetic significance and are now reunited in the V&A's collections.
- A pair of vases by E. W. Godwin (1833-1886). The vases are the only known examples of Godwin's designs for ceramics (other than tiles) and are consequently important pieces. They will be key exhibits in a major show devoted to Aestheticism at the V&A in 2010/11.
- At Collect 2008, the Museum acquired 13 pieces of contemporary art and design for the following collections: Asia; Textiles and Fashion; Metalwork, Ceramics & Glass.
- A rare Ottoman miniature from the 19th century depicting a high-ranking member of the Ottoman bureaucracy to be displayed in the Jameel Gallery of Islamic Art.

- Speaker Bromley silver from the estate of Sir Walter Bromley Davenport: acceptance in lieu items allocated to the V&A in March 2008. These items have been on loan to the V&A since 1969 and are displayed in the Silver Galleries. The silver was originally owned by William Bromley (1663-1732) in his capacity as Speaker of the House of Commons from 1710-1713.
- To celebrate the V&A's 150th anniversary of its opening in South Kensington the V&A asked leading designers, architects, photographers, fashion designers and artists to contribute a page to an anniversary album. This resulted in 212 contribution by artists and designers such as Manolo Blahnik, Lord Rogers, Julian Opie, Benjamin Zephaniah, Tracy Emin and Vivienne Westwood.

Research

The V&A Research Department is highly active and at the forefront of its field. Research, focused on the collections, underpins the Museum's public facing outputs in the form of exhibitions and displays, gallery developments, books and publications. The output of publications totalled 49 in 2007/08. As well as extensive research by the Museum's own staff, the Department has widespread links with other organisations in the UK and overseas through secondments, exchanges and Fellowships; in 2007/08 there were 22 such placements (19 inward: 3 outward). Collaborative studentship include 59 MA, MPhil and PhD students on collaborative postgraduate programmes run jointly with the Royal College of Art, and 12 AHRC-funded doctoral studentships with other HE organisations. Much vital research work is externally funded and seven major grant applications were successful in 2007/08.

International Strategy

The V&A International Strategy was agreed in March 2006 and is predicated on a series of programmatic alliances with overseas organisations in key locations. Memoranda of Understanding are in place with the Fine Arts Museums of San Francisco, the National Museum of China and the Dr Bhau Daji Lad Museum, Mumbai. These are formal expressions of commitment to collaborate on exhibitions, research and staff development and other areas of mutual interest. In 2007/8 the V&A added the Salar Jung Museum in Hyderabad to its international collaborators and a programme of staff placements will start in 2008. Under a formal exchange agreement with the Kremlin Museum, the V&A will show an exhibition called *The Magnificence of the Tsars* in 2008/09, while the Kremlin Museum will host *Two Centuries of British Fashion* from the V&A. The V&A has also undertaken fruitful collaborations with The Bard Graduate Center for Studies in the Decorative Arts, Design and Culture, New York. The Bard Center organised the exhibition, *Thomas Hope: Regency Designer*, which opened at the V&A in March 2008. International co-operation can also be effected through digital initiatives: the V&A is a partner in "Museums With No Frontiers". In partnership with six other cultural organisations, the V&A has worked with DCMS to secure a higher profile for cultural diplomacy. This resulted in a new funding stream announced in the Comprehensive Spending Review 2007, the World Collections Fund, which we hope to access to support touring exhibitions.

International loans and touring exhibitions are covered below, but it is noted here that the exhibition, *A Century of Olympic Posters*, was the first exhibition from a UK national museum to be shown at a provincial museum in China. It opened at the Liaoning Museum, Shenyang in March 2007 following a run at the Capital Museum in Beijing, where it was visited by Sarah Brown when she accompanied the Prime Minister on an official visit to China.

Loans and International touring exhibitions are covered below.

V&A UK Strategy

Five regional museum services (Tyne & Wear Museums, Manchester City Galleries, Sheffield Galleries & Museums Trust, Birmingham Museums & Art Gallery and Brighton & Hove Galleries & Museums) comprise the V&A UK Partnership that collaborates to increase nationwide access to, and public benefit from, collections and museum services. Co-operation is on many levels, including exhibitions, learning and community programmes, loans, research, staff development, marketing and advocacy. At its core, though, is Image & Identity, the DCSF/DCMS-funded programme of creative, artist-led activities for school pupils and vulnerable young people. NCH (the children's charity) is also a key partner and the programme has involved thousands of participants and visitors since it began in 2003.

Of the V&A UK Partners, the longest and deepest relationship has been with Sheffield Galleries & Museums Trust – since 1999. The V&A exhibition, *Where Are We? Questions of Landscape*, was shown at the Graves Art Gallery, Sheffield, September 2007 to January 2008, and preparations continued for a further five V&A shows in 2008 and 2009. These include the culmination of two major international tours, *Vivienne Westwood: A Retrospective* and *Medieval & Renaissance Treasures* from the V&A.

The V&A regularly receives approaches from local authorities and other bodies about partnership and collaboration projects. In 2007/08 two such projects were 'live'; one for a national museum of performance in Blackpool, and one for a new creative design venue in Dundee.

As well as partnerships with specific regions, the V&A has espoused Subject Specialist Networks (SSNs) – collaborations based on collections. With funding from the Museums, Libraries & Archives Council (MLA), the V&A has led two SSN projects, one on the documentation of performance and one on care of textiles and dress. The Museum leads or participates in a number of other SSNs.

A key element of the V&A UK Strategy is the Purchase Grant Fund (PGF), run by the V&A since 1881. £1m is provided via MLA for grants to non-national museums, galleries and specialist repositories in England and Wales to enable the acquisition of objects for their collections. Advice on collecting and professional standards is often as valuable to regional museums as the grants themselves. In 2007/08 PGF received 264 grant applications from 135 organisations: 166 (63%) of these, from 100 organisations, were successful. Artefacts with a total value of £3.5m were purchased, ranging from a Neolithic axe in Dorchester to a video artwork for the Ferns Art gallery in Hull.

Loans and V&A UK touring exhibitions are covered below.

Loans

The V&A lends about 3,000 objects every year to enable its collections to be seen more widely and in new contexts. Short-term loans are usually for temporary exhibitions organised by another institution. Long-term loans, of which most are within the UK, are usually made when an object has particular significance to a venue or locality. The figures are given below; these do not include the 2,000 objects, nor venues, for V&A touring exhibitions.

		UK	Overseas	Total
Number of objects	Short-term	577	595	1,172
	Long-term	1,788	64	1,852
	Total	2,365	659	3,024
Number of venues		239	117	356

V&A Touring Exhibitions

The V&A continued to expand its programme of touring exhibitions as a means of sharing its collections and expertise, of raising revenue, and of promoting the Museum, London and the UK. The V&A Theatre Collections began a new programme that includes displays suitable for non-traditional venues such as theatres, concert halls, community centres. Internationally, the touring exhibition programme has broken new ground, opening the first V&A exhibition in Korea in March, and securing new venues in the Middle East for future shows.

The statistics* are record-breaking, reaching well over one million visits in 2007/08.

	UK	Overseas	Total
Visits (reported to date)	213,300	924,500	1,137,800
Exhibitions	9	11	20
Venues	14	22	36
Objects	458	1,548	2,006

*The figures given above include three exhibitions comprising reproductions of historic photographs or graphic displays with no original museum objects. UK: 1 show; 1 venues; 30,000 visits. Overseas: 2 shows; 3 venues; 41,000 visits.

V&A Strategic Objective C: Promote, support and develop the UK creative economy

The exhibition, *Out of the Ordinary: Spectacular Craft*, was created in collaboration with our partners, the Crafts Council. The year ended with the opening of *China Design Now*. These exhibitions, along with contemporary art installations by Simon Periton, the Campana Brothers, Boudicca and Zaha Hadid and other displays, events and publications, brought some of the best contemporary art and design to a wide audience. This is part of the Museum's founding mission and in 2007 we celebrated 150 years of fulfilling it at South Kensington by inviting 150 leading practitioners to contribute to a commemorative album. The album, which included work by Manolo Blahnik, Lord Rogers, Julian Opie, Benjamin Zephaniah, Tracy Emin, and Vivienne Westwood, was displayed in the Grand Entrance. The messages in these contributions demonstrated the high esteem and affection with which artists and designers regard the V&A, many acknowledging the inspiration they have found here. It is central to

our mission that the V&A continues to inspire new generations of makers and consumers, contributing to the success and growth of the UK creative economy.

In 2007/08, 782,900 (34%) of visits to South Kensington were made by practitioners and teachers in the creative industries and students.

Another facet of the partnership with the Crafts Council was COLLECT, the prestigious contemporary craft fair, which was held at the V&A for the fifth and last time in January 2008, attracting over 10,000 visits. The V&A acquired 13 objects through gift and purchase.

In its own developments and activities, the V&A uses a range of established and new designers. Awards in 2007/08 include:

- Winner of a RIBA Award 2007 for Outstanding Design for the MoC redevelopment, phase 2 (Caruso St John Architects)
- Winner of a CABE Festive Five Award 2007 for the MoC redevelopment, phase 2 (Caruso St John Architects)
- Winner of the FX International Interior Design Awards 2007 for the V&A Café (MUMA)

VAE is an important contributor to fulfilling the Museum's mission. In 2007/08 the specially commissioned retail range inspired by the collections, *Cherry on the Cake*, was extended to include a new range of jewellery to be launched in spring 2008 to accompany the re-opening of the William and Judith Bollinger Jewellery Gallery. The designers participating in *Cherry on the Cake 2* include Betty Jackson, John Rocha, Grayson Perry, Dita von Teese, Vicky Ambery Smith, Barbara Hulanicki and Theo Fennell. Filming is becoming a significant activity for VAE alongside other types of corporate hire, and Licensing and V&A Images are highly active in supporting the creative industries. V&A Publishing launched 19 new titles and three V&A books in paperback for the first time.

The V&A runs the annual V&A Illustration Awards, is a co-sponsor of the Classic Design awards and, in 2007/08 showcased the finalists in the new biennial Sculpture prize.

The V&A + RIBA Architecture Partnership

There were three temporary displays within the Architecture Gallery in 2007/08: The Royal Festival Hall Revival; The Holiness of Beate: GF Bodley (1827-1907) and his Circle; and Unseen Hands – 100 years of Structural Engineering. Learning events were inspired by the HLF-funded acquisition of CR Cockerell's Tribute to Sir Christopher Wren, and there was a consultation event for HE tutors.

Operate with financial and organisational efficiency

Efficiency and effectiveness

The fact that visit numbers at V&A London sites fell and GIA rose means that the efficiency measure of GIA per visit shows worse performance in 2007/08 (£15.93) compared to 2006/07 (£13.61). However, when all users (V&A sites + V&A touring exhibitions + web visits) are taken into account, the position is reversed and GIA per use fell by 13% (£1.49 in 2007/08; £1.71 in 2006/07).

Market research surveys consistently show that 97-100% of visitors considered their visit very good or good. The Museum has expanded its programme of user consultation from development projects to exhibitions, with a series of focus groups in early 2008 that looked at titles and content.

Collections

In addition to regular collections audits, the V&A continued a special programme to review object location and has effected significant improvements. Security and safety measures continued to be upgraded according to a phased programme and there were no incidences of theft or malicious damage. Progress was made in Business Continuity Planning and emergency response as they relate to collections.

3. Exhibitions & Contemporary

Provide optimum access to collections and services for diverse users

Exhibitions and displays at V&A sites

Headline Exhibitions

– *Surreal Things: Surrealism and Design* (29 March – 22 July 2007), 129,900 visits

- *James Athenian Stuart 1713 – 1788: The Rediscovery of Antiquity* (15 March – 24 June 2007), free – visit numbers not collected
- *The Golden Age of Couture: Paris and London 1947-1957* (22 September 2007 – 6 January 2008), 197,200 visits
- *The Art of Lee Miller* (15 September 2007 – 6 January 2008), 78,900 visits
- *China Design Now* (15 March – 13 July 2008), ongoing
- *Thomas Hope: Regency Designer* (22 March – 22 June 2008), ongoing

Contemporary exhibitions

- *Kylie: The Exhibition* (8 February – 10 June 2007), 271,100 visits
- *Uncomfortable Truths: the shadow of slave trading on contemporary art and design* (20 February – 17 June 2007), installations throughout Museum – specific visit numbers not collected
- *Out of the Ordinary: Spectacular Craft*, (13 November 2007 – 17 February 2008), 83,200 visits

Theatre and Performance exhibition

- *Collaborators: UK Design for Performance 2003-2007*, 62,600 to 30 March 2007 (exhibition continues)

Fashion displays (visit numbers not collected)

- *New York Fashion Now* (17 April – 23 September 2007)
- *Central Asian Ikats from the Rau Collection* (5 November 2007 – 30 March 2008)

Contemporary commissions and installations

- Simon Periton *Anti Room of the Mae Queen*, Tunnel,
- Campana Brothers, *Vitoria Regia* seats, Garden
- Zaha Hadid *Swarm* chandelier, Grand Entrance

V&A Museum of Childhood exhibition

- *Space Age* (24 November 2007 – 6 April 2008), free – specific visit numbers not collected

In addition, numerous diverse displays were mounted throughout the year.

National and International

International touring exhibitions

Title	Venue	Dates	No. of visits*
<i>Vivienne Westwood: A Retrospective</i>	Fine Arts Museums of San Francisco (De Young)	24 Feb 07-10 Jun 07	145,500
	Palazzo Reale, Milan	22 Sep 07-20 Jan 08	135,000
<i>Modernism</i>	Corcoran Gallery of Art, Washington DC	17 Mar 07-29 Jul 07	93,000
<i>Cinema India: the Art of Bollywood</i>	National Gallery of Victoria, Melbourne, Australia	9 Mar 07-20 May 07	8,800
	Powerhouse, Sydney	6 Jun 07-11 Nov 07	29,200
<i>Masterpieces of Ukiyo-E</i>	Ota Memorial Museum of Art, Tokyo	1-27 May 07 & 1-26 Jun 07 (shown in 2 halves)	25,400
	Ishikawa Prefectural Museum of Art	21 Jul 07-19 Aug 07	24,800
	Hagi Urugami Museum	1 Sep 07-9 Oct 07	10,000
	Matsuzakaya Art Museum, Nagoya	20 Oct 07 – 18 Nov 07	39,900
	Kobe City Museum	12 Jan 08 – 17 Feb 08	67,500

Title	Venue	Dates	No. of visits*
<i>Medieval and Renaissance Treasures</i>	Art Gallery of Ontario, Toronto	23 Jun 07-7 Oct 07	68,700
	Norton Museum of Art, West Palm Beach	23 Oct 07-6 Jan 08	19,200
	Speed Art Museum, Louisville	22 Jan 08-20 April 08	14,400
<i>The Art of Lee Miller</i>	Philadelphia Museum of Art	26 Jan 08-27 Apr 08	49,000
<i>Surreal Things: Surrealism and Design</i>	Museum Boijmans Van Beuningen, Rotterdam	29 Sep 07-13 Jan 08	83,000
	Guggenheim, Bilbao*	3 Mar 08-7 Sep 08	-
<i>A Century of Olympic Posters</i>	Capital Museum, Beijing	15 Jan 08-28 Feb 08	70,100
	Liaoning Museum, Shenyang, China*	10 Mar 08-27 Apr 08	-
<i>Masterpieces in Ceramics</i>	The Korea Foundation Cultural Centre Seoul*	14 Mar 08-23 Jun 08	-
<i>Indian and SE Asian Sitters (Curated by Lucien de Guise)#</i>	Malaysian Museum of the Arts	5 Apr 07-31 Aug 07	21,000
<i>Daisy of Pless#</i>	Łancuk Palace, Poland	1 May 07-31 Jul 07	8,700
	Zamoyski Palace Museum in Kozlowka, Poland	5 Oct 07-Feb 08	6,800

* Visit numbers for these shows will be reported in 2008/09

These shows did not contain Museum objects

V&A UK: touring exhibitions

Title	Venue	Dates	No. of visits*
<i>Contemporary Photography – Something that I'll never really see</i>	Sainsbury Centre for Visual Art, Norwich	1 May 07 – 24 Jun 07	9,500
	Arts Depot, Finchley	24 Jan 08 – 31 Mar 08	2,600
<i>Domestic Idylls: Clementina Lady Hawarden</i>	Oriel Davies Gallery, Newtown, Powys	8 Sep 07 – 20 Oct 07	13,200
	Leamington Spa Art Gallery and Museum	25 Jan 08 – 6 Apr 08	20,700
<i>Where are we? Questions of Landscape</i>	Graves Art Gallery, Sheffield	20 Sep 07 – 5 Jan 08	13,800
<i>Out of the Ordinary: Spectacular Craft</i>	Shipleigh Art Gallery, Tyne & Wear*	22 Mar 08 – 1 Jun 08	-
<i>Uncomfortable Truths</i>	Salford Museum and Art Gallery	30 Jun 07 – 2 Sep 07	17,800
	Ferens Art Gallery, Hull	15 Sep 07 – 6 Jan 08	36,400
<i>Must-have Toys</i>	Royal Cornwall Museum, Truro	17 Feb – 26 May 07	33,500
	Museum of Childhood, Sudbury Hall, Ashbourne, Derbyshire	16 Jun – 21 Oct 07	23,200

Title	Venue	Dates	No. of visits*
<i>The Dressing Room – Photographs of Actors by Simon Annand</i>	Solihull Arts Complex	14 Mar 07 – 8 May 07	5,000
<i>Capturing the Moment – Reg Wilson</i>	Welsh Millennium Centre, Cardiff	7 Jan 08 – 15 Feb 08	4,500
	Worcester Art Gallery	18 Feb 08 – 5 Apr 08	3,100
<i>Oliver Messel: Making and Doing#</i>	Royal Exchange Theatre, Manchester	3 Sep 07 – 20 Oct 07	30,000

* Visit numbers for these shows will be reported in 2008/09

These shows did not contain Museum objects

Contemporary events

Contemporary exhibitions and commissions are mentioned above at 3.1. In addition the dedicated Contemporary team runs the monthly Friday Late programme. Held on the last Friday in every month (except December) when the Museum is open from 10.00 to 22.00, Friday Late includes a mixture of live performances, cutting-edge fashion, debates, one-off displays, special guests, bar and food, guest DJs and late-night exhibition opening. Admission is free to the museum although some events may be ticketed. Friday Lates attract, on average, 3,000 visits (entering the V&A after 5.30 pm)

- April – *Ritual*: international music and visual culture exploring the depth and breadth of the African Diaspora rituals and traditions.
- May – *Surrealist Ball*: a decadent night of the unexpected and inexplicable featuring performance, music and image.
- June – *Sing London*: the ten day London-wide *Sing London* festival was launched with a magical singing extravaganza at the V&A.
- July – *Village Fete 2007*: V&A and Scarlet Projects' contemporary take on the traditional English fete, providing an extraordinary array of creative, fun, engaging and imaginative events and games.
- August – *India Now*: part of the India Now season, the evening showcased the best in contemporary Indian art, fashion, film and design.
- September – *Create*: Friday Late went on the road at the V&A Museum of Childhood for a night dedicated to all things creative, playful and imaginative.
- October – *Who's Afraid of the Dark?*: in celebration of all things spooky and strange, the V&A kept its doors open past midnight for the first time for a night of ghostly tours, storytelling, spooky sound and light scapes, freaky make-up and photography workshops. With 4,300 visits, this was the most popular Friday Late of the year.
- November – *Crafting Couture*: explored the handicraft and skill that goes into creating couture garments through workshops in 1950s make-up, fabric draping and embroidery, a series of performances by the English National Ballet School and film screenings.
- January – *One of a Kind*: a night of installations, demonstrations, workshops and special events that explored the concept of the bespoke, the handmade, unique and flawed where no two things are the same (organised with the Crafts Council).
- February – *Collaborate*: Theatre designers took centre stage and visitors were immersed in a night of site specific installations, performances and soundscapes by performance and theatre designers.
- March – *Subterranea*: To celebrate the unveiling of the new V&A tunnel installation 'Seasons through the Looking Glass' by architect CJ Lim (on display until March 2009), visitors were able to explore the unofficial, hidden city through moving image, music and talks by leading architects, writers and musicians.

Fashion in Motion

The free full-scale catwalk shows, originated in the Contemporary programme and continue to be extremely popular. In 2007/08 the featured designers were Gareth Pugh and Manish Arora.

Since 2006, the V&A has had a formal partnership with the Crafts Council. In addition to the fifth and final COLLECT fair, the Crafts Council had a display area in the V&A Shop. Out of the Ordinary: Spectacular Craft was the first in a series of craft-based exhibition to be held every three years, and was accompanied by a Friday Late event.

4. Education, Learning & Interpretation

Provide optimum access to collections and services for diverse users

The total number of participations in organised educational activities in 2007/08 was 351,300. Of these, 171,200 were children aged 15 and under and, of these, 106,000 were school pupils.

The Diversity initiatives and programmes described above are led by the Access, Social Inclusion & Community Development team within the Learning & Interpretation Division (L&I), and the core V&A UK Partnership project, Image & identity, is co-ordinated by Learning Services. L&I also includes the Gallery Interpretation & Resources team that is responsible for user consultation and evaluation.

The MoC has its own learning team, which filled the doubled capacity for formal learning sessions provided by the redevelopment, as well as providing daily activity sessions. The programmes also included 'Wondertots' for under-5s' and their parents/carers, and increasing provision for adults, and a range of community projects.

The V&A Theatre Collection maintained an education programme at Covent Garden after the Theatre Museum site closed to the public in January 2007 until August 2007. Following transfer to South Kensington, learning events were provided to accompany Kylie – The Exhibition, and theatre and performance programmes resumed, associated with the Collaborators exhibition.

From January 2007, late night opening moved from Wednesdays to Fridays and the offer was refreshed (last Friday of each month remains a Contemporary Friday Late event). Talks and debates have featured some very popular and high-profile figures such as Sanjeev Bhaskar, Mark Lawson, Zandra Rhodes, Erin O'Connor, Ozwald Boateng and Stephen Bayley. The websites are important learning resources and new content is added continually, including exhibition microsites, teachers' resources, interactive games and many opportunities to engage in creating and debating art and design.

As well as maintaining services throughout 2007/08, a priority at South Kensington was preparing for the new Sackler Centre for arts education at the V&A, which opens in July 2008. Occupying two floors of the Henry Cole Wing, the Sackler Centre will more than double the space currently allocated to education in the Museum and will accommodate informal and self-directed learning as well as formal education. Innovations include practical art studios, display space and artist residencies.

The Museum's learning programmes, projects and events are too numerous to list comprehensively so only some highlights are given below to illustrate the range of the offer.

V&A South Kensington

- *Free Art Fun!*: Regular programmes of creative activities for families, based on the collections and run in school holidays.
- *Intercultural/Interfaith Tours*: For groups of adults and young people from a diverse range of organisations such as Chithurst Buddhist temple, Sisters in Islam, The Ismaili Centre, the Jewish Museum, Asian Women's Advisory Centre, Sai school (Hindu).
- *Summer in the City*: series of practical and art-history courses for adults.
- *Old Roots-Nu Shoots Photo-journalism and film making pilot project*: A youth inclusion project that aimed to introduce participants to new skills in museum research, stills photography and film making. The project was shown on the 24 Hour Museum website with a link to the V&A and East Potential websites. There was also a screening of the images and the film at the V&A. Funded by the British Council in partnership with the Museum of London (24 Hour Museum) and East Potential, a European charity (Foyer Association) that supports excluded young people.

- *Explore Saudi Arabia*: 30th October – 1st November: A three day event of traditional music, storytelling and art showcasing Saudi Arabian culture took place in the Raphael Gallery to coincide with the visit of the King of Saudi Arabia to the UK. A selection of historical photographs documenting the friendship between the UK and Saudi Arabia was also displayed.
- *Chinese Mid-Autumn Festival*: Mid-Autumn festival that included a lantern-making workshop, Chinese chess, bead craft and button-knotting demonstrations, and dragon headdress-making workshops. There was also a good mixture of performances, with martial arts, Diablo and magic.
- *Creative Quarter*: The V&A, RCA, Imperial College London and the Science Museum held a 'Creative Quarter' day on 9 November. The event gave an insight in to the creative industries for 13-19 year olds. At the V&A Sir Christopher Frayling, Zandra Rhodes and Merlin Crossingham from Aardman Animation gave presentations. There were workshops, demonstrations and information about career pathways throughout the Museum, and over a thousand young people booked to take part. This is an Exhibition Road Cultural Consortium project, led by the V&A.
- *Architecture Open Day*: Opportunities to visit the Study Rooms, meet curators and view highlights from the V&A and the RIBA's Drawings and Archives collections, culminating in a tour by architects Allies and Morrison of the *Royal Festival Hall Revival* display in the Architecture gallery. The day's events included a behind-the-scenes architectural tour of the V&A and an architectural tour along Exhibition Road.
- *How Places Work – Royal Festival Hall*: Year 9 school students were given an inspiring tour of the recently refurbished Royal Festival Hall by architect Simon Frazer from Allies and Morrison followed by curator-led tour of the RIBA + V&A Architecture Gallery exhibition *Royal Festival Hall Revival* and an architect-facilitated workshop where students developed their own responses to the original 'egg in the box' design concept for the Royal Festival Hall A partnership project funded by the Commission for Architecture and the Built Environment.
- *Young People's Fashion Summer School*: Three summer schools with professional designers and makers that gave an introduction to fabric design, garment design and making for young people aged 11-13, 14-15 and 16-18.
- *ReachOut RCA + V&A*: pilot programme of workshops with the Royal College of Art (RCA) to introduce school students to original creative art and design practice and higher education pathways.
- *V&A Screen*: piloted, starting with the Surreal weekend.
- *Moving Forward: New Directions in Transport Design Symposium*: brought together designers of transport, terminals and interchanges and facilities etc. (organised with the RCA).
- *Inspired By...*: annual competition for adults in part-time art and design education: 224 entries, of which 55 were displayed in the V&A and at MoC (in partnership with the National Institute for Adults and Continuing Education). *Inspired By...* was also run at UK Partner organisations in Tyne & Wear and Manchester.
- *Kylie – The Exhibition Events*: 'Singalongs', twice-weekly performances by Little Lights Theatre (including special performances for groups with disabilities), and talks/workshops for people with disabilities.

V&A Museum of Childhood

- *Old Skool New School*: a collaborative project between the V&A Museum of Childhood and London College of Fashion about what the children of tomorrow will be wearing, and providing a display for the MoC Front Room gallery.
- *Recycled Toys*: recycled toy making workshops for local schools and families in partnership with Tower Hamlets Waste Education Project.
- *Even Sparrows Can Sing*: a performance by Hackney school choirs as part of the Mayor of London's Sing London Campaign.
- *MOC Summer Festival*: live music, dance, walkabout acts, art activities, stalls, food and games is targeted at a local non traditional audience and attracted 2,500 visitors.
- *Big Draw*: The MOC was one of the launch venues for the annual event – opened by Quentin Blake – in and pre-launch workshops for Big Draw Goes East took place in local primary schools.
- *Art Breakers*: art club on Saturdays for 11-14 year olds designing 3D cities and creatures.

- *History of the East End*: course held in collaboration with Birkbeck College.
- *Creative Minds*: programme for people of all ages is. It has recently included: Wondertots, weekly sessions for under 5s and their parents or carers exploring fashion and puppetry through art, storytelling, drama and movement; adult craft workshops creating toys and dolls using painting, batik and embroidery. Funded primarily by the Foundation for Sport & the Arts and the Jack Petchey Foundation.

Volunteers

The V&A uses volunteers for a range of activities in pursuit of its objectives and they make a significant contribution. Volunteers approach the V&A through different routes, and Departments make use of them to varying extents. It is estimated that c.200 individuals volunteer in the V&A (excluding students on work placements, interns, secondees from other organisations etc.). They work in different periods and patterns, so no full time equivalent value has been ascribed to their contribution in terms of either hours or money. The main areas of volunteer activity are given below:

- Friends of the V&A: assist in the Friends' office; staff the Friends' recruitment desk in the galleries; assist at Friends' events. Training events provide opportunities to keep abreast of developments in the Museum.
- Visitor Services: staff the Information Desks at public entrances; provide free guided tours for visitors.
- Volunteers on the Information Desk are overseen by a Gallery Manager while the guided tours are managed by the Learning & Interpretation Department. Volunteers are provided with appropriate training and support and are kept informed about the Museum via a monthly newsletter.
- General administrative support: assisting Museum staff in a range of tasks, often things that would not otherwise get done, or would not be done so efficiently, such as maintenance of files.

POLICY IN RELATION TO DISABLED EMPLOYEES

The V&A policy in relation to disabled employees forms part of the Museum's Diversity Policy and is stated in the Staff Handbook (Section E5). The opening policy statement is:

'The Victoria & Albert Museum is committed to equal opportunities for all its employees and potential employees. All individuals will be treated or considered for employment and advancement on the basis of their relative merits, abilities and qualifications. The aim of this policy is to ensure that every employee, prospective employee or person connected with the V&A will receive equally favourable treatment regardless of their gender, marital status, sexual orientation, race, ethnic/national origins, colour, disability, religion or belief and membership/non-membership of a Trades Union. The V&A is committed to making this policy effective and will continually monitor and review the Museum's employment practices. Harassment, discrimination or victimisation on the grounds listed above are unacceptable to the V&A in its role both as an employer and as the provider of an important public service.'

The V&A's senior management team continues to make a significant commitment to disability, taking an integrated approach to both audiences and staff. Following the success of the British Galleries development in 2001, where an Access Consultant was employed for the first time, disability has been firmly on the museum's agenda.

- A dedicated Disability And Access Officer was appointed in 2002.
- The Management Board and Board of Trustees signed up to the Access, Inclusion and Diversity Strategy in 2003 and to the Disability Action Plan in March 2004.
- Funding for disability initiatives was agreed in 2004, with an additional £65K allocated for year 1 delivery against the Disability Action Plan.
- Since 2002 there has been a Board-level Diversity Champion.
- There is specific inclusion of disability equality within the 5 year Strategic Plan.
- The V&A was granted Disability Two Ticks symbol-user status in spring of 2003 and has had this re-endorsed in spring 2005.
- The V&A signed up to the Employer's Forum on Disability "Disability Standard" in spring 2005, a national benchmarking survey spanning service delivery, education and employment of disabled people.
- The V&A's Disability Equality Scheme was published in 2006.

Disability Action Plan

The purpose of the V&A's Disability Action Plan (2004/07) is to help the museum focus on areas covered by the Disability Discrimination Act and to complement Museum policies such as Access for Disabled People; the Access, Inclusion and Diversity Strategy, and the Diversity Policy. Its purpose is to help the Museum achieve equality in employment, service provision, access to premises and education, and it aims to show how – through changing attitudes, the development of partnerships and increased expertise – the V&A can continue to be proactive in recognising and removing the barriers which disabled people face in accessing the museum in different ways. It is also a recognition that improving provision for disabled people will create an environment which will be accessible to all users.

Disability Equality

In consultation with the Staff Disability Forum, a range of employment activities have been identified which are now being progressed. In 2007 we established a relationship with Status Employment, an organisation that supports people with mental health disabilities into employment, particularly those who are long-term unemployed. We anticipate strengthening this relationship during 2008 as we launch our policy and initiatives to help manage psychological health at work.

A Disability Homepage has been launched on the staff intranet. It is a central resource on disability which brings together information on the work that is happening across the museum to support disabled staff and visitors. The publication of a central, anonymised register of reasonable adjustments and a standard procedure for handling their implementation will be priorities for 2008, along with finalising Management Guidance on Managing Staff with Disabilities.

Disability and the V&A Strategic Plan

The V&A's Strategic Plan articulates the broad strands of activities and major goals that the Museum will work towards over the next five years. One of the strategic objectives identified is the provision of optimum access to collections and services for diverse audiences, both now and in the future. This includes a commitment to increasing the diversity of its personnel and developing a more diverse pool of museum sector recruits, and to increasing consultation with stakeholder groups, including employees.

Action taken to maintain or develop the provision of information to, and consultation with employees

There are several ways by which the Museum regularly keeps staff informed of plans and progress:

- In 2004/5 the V&A embarked upon Cultureplan. This long-term project complements FuturePlan by focusing on people rather than buildings and collections. The aim is to improve public service by embodying the Museum's values in the way its people work, thus making the Museum a more, efficient, effective and satisfying place to work. A network of 'champions' and managers has been established throughout every Department to identify the things staff want to change and ways to achieve this.
- During 2007/08 CulturePlan Champions meetings have included Q&A sessions with senior managers, which have been very well received.
- Intranet: Reviewed in 2007/08 as a CulturePlan initiative with a museum-wide panel of content editors. The improved version will be launched in June 2008.
- Management Board Bulletin: since 2005, a summary of the key points from fortnightly Management Board meetings has been circulated to middle and senior managers as soon as possible after each meeting – usually on the same day. From January 2008, a similar Bulletin has been produced for Board of Trustee meetings and is circulated with the subsequent MB Bulletin.
- Teambrief: an information bulletin distributed monthly to all staff. From May 2006 this has included most items from the Management Board Bulletin and the Director's Report to the Board of Trustees, and from 2007, the Board of Trustees Bulletin. The full Director's Reports are available via the Intranet. From May 2006 a staff feedback and response mechanism was also introduced to Teambrief. All these developments have been very well received by staff.
- The V&A operates a scheme under which staff may observe meetings of the Management Board. Minutes of Management Board meetings are posted onto the Intranet.

- Meetings for all staff four times per year at which topical items are presented and comments invited.
- Museum representatives meet the Trade Unions Side in the Joint Consultative Committee every two months: In addition, formal pay negotiations between the management and trade union sides occur as required. A two year pay deal for 2007/8 and 2008/9 was negotiated and agreed this year.
- For matters of organisational change entailing changes in the workplace, staff are consulted via their trade union representatives or on an individual basis.
- The V&A Strategic Plan is available via the Intranet and the V&A website. Hard copy is sent to all Departments for local distribution and a summary is circulated with Teambrief. In January 2008 a checklist of progress on all 2007/8 milestones was published on the Intranet.
- As part of the planning cycle a series of four workshops is held for groups of c.15 senior and middle managers with the Director, Director of Finance and Head of Planning. These promote dialogue on the key issues facing the Museum. The notes are published on the Intranet.
- In 2006 the Museum began to publish internally all the text submitted by budget holders in support of their budget bids (Budget Commentaries). In 2007, Department Plans were also made available on the Intranet.
- The Museum's success in improving internal communications through greater consultation and transparency is evidenced by staff feedback in the review of Investors in people status. Between 2004 and 2007, staff reported that they had a much greater understanding of the Museum's strategic plans and their own role in delivering them.

FINANCIAL REVIEW

The accounts have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with the Museum and Galleries Act 1992, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities".

For 2007/8 the Museum's result was break-even (2006/7 surplus of £0.04m) on its core operational (unrestricted) account (see note 21). At the beginning of the year the museum had budgeted to make a surplus of £100k. The Museum had a good year financially, exceeded this target and the Trustees were therefore able to designate the additional funds to a number of capital projects due to take place in 2008/09 (see below).

Visitor numbers and admission ticket income for The Golden Age of Couture and Lee Miller exceeded targets significantly. The success of these exhibitions had a major positive impact on the Museum's retail operations. Target income from corporate hire was also exceeded; the change of the Museum's late opening from Wednesdays to Fridays contributed to this achievement. Income from exhibition tours was also higher than budget as a result of a number of additional national and international venues taking the V&A's exhibitions.

Cost savings have been achieved through delays in recruiting for vacant posts and tight control of operating expenditure. A full year's worth of cost savings arising from the closure of the Theatre Museum site in Covent Garden in January 2007 has also been realised. These savings will be reallocated to web development, digitisation and conservation of the theatre collections.

The successful year has allowed the V&A to allocate funds towards improving IT data storage, undertaking building refurbishments and paying for a major relocation of storage facilities from Battersea in London to Wiltshire. However the Museum remains concerned that expenditure on maintenance and on gallery displays and visitor services is still below optimum levels.

During the year £10.46m has been spent on FuturePlan projects, funded mainly by private donors and public bodies such as the Heritage Lottery Fund.

The financial stability and flexibility of the Museum needs to be underpinned by a sound level of reserves. The accounts record total funds of £420m (see note 14) which includes funds which represent the market value of inalienable property and restricted funds given for specific projects, neither of which would be available for the general financial support of the Museum.

The Trustees have access to only the combined total of certain General, Designated and Bequest funds which stand at £8.72m (2007: £6.54m see note 15). The reserves rose as a result of the additional income and cost savings made during the year (noted above) and also because of an improvement in the value of investments.

Reserves Policy

The Trustees annually review the level of readily available reserves (those that are not restricted or tied up as fixed assets) appropriate to the scale, complexity and risk profile of the organisation.

Though grant-in-aid accounts for approximately 54% of the Museum's income (excl. The Heather Trust for the Arts Endowment consolidated this year), the remainder of operational costs must be financed by self-generated income (such as exhibition income and trading), which is volatile. This risk is managed through the Museum's policy to maintain general and designated funds and is reviewed annually.

The Trustees also consider that reserves are required to provide a sound underpinning, in terms of cash flow planning and budgetary risk to ongoing investments in the capital infrastructure at the South Kensington site and at the Museum of Childhood.

Taking an overall view of the annual operational activities, the level of self generated income, grant-in-aid and the planned spend on capital projects, the Trustees believe that the minimum level of general and designated funds should be at least £3.2m. This level of reserves equates to three months of the Museum's non GIA funded operating expenditure.

However, this minimum level may not be adequate over the next few years given that the Museum is currently undertaking a number of major capital projects including the Medieval and Renaissance galleries and the Ceramics Galleries. £2.8m is considered to be adequate to cover cash flow risks, and this added to the minimum level of reserves means that the Museum's targeted level of reserves has been set at £6.0m. Against this level the Museum had reserves of £5.74m at 31 March 2008.

In addition to this £5.74m the Trustees also had access at 31 March 2008 to £2.98m, which has been designated by them for specific projects including £1.07m for the Theatre Collections (from the income relating to the surrender of the Theatre Museum lease) and the projects noted in the Financial Review above: £0.2m for improving IT data storage, £0.85m for building refurbishments, and £0.19m for the relocation of storage facilities from Battersea in London to Wiltshire.

Further to the existing targeted level of reserves of £6.0m, the Trustees believe that it would be prudent to reassess this level in the context of the difficult economic climate and its potential impact on trading income and revenue and capital fundraising. Therefore the Trustees wish to increase the level of targeted reserves by the equivalent of an additional two months of non GIA funded operating expenditure, which would be a further £2.1m.

The Trustees also believe that increasing the level of the Museum's permanent endowment reserves remains central to the longer-term financial stability of the Museum.

Investment policy

The V&A's investments are currently managed by Sarasin Chiswell. The Museum's investment policy is reviewed annually by the Finance Committee at a meeting with the investment managers present. At this meeting the Committee is given an update on present market conditions, based on which the members agree on the risk-return profile to be adopted for each of the Museum's three non GIA invested funds namely restricted, unrestricted and permanent endowments.

At the June 2006 meeting, the Committee discussed the level of risk the Museum would be prepared to bear on its investments and the associated return, and concluded that a mid level return-risk mix would be most appropriate. They also agreed that purchasing power must be maintained and that the investment policy must pay attention to sustainability.

As a result, the Museum transferred its investments to a charities common investment fund with a 60% cap on equity in order to mitigate excessive risk on investments whilst improving returns. The fund is governed by the Trustees Act 2000.

At their meeting in October 2007, the Committee decided that to maximise the long-term value of the Museum's funds, the non fixed interest investment portion of the permanent endowment funds should be gradually increased to up to 90%. They also agreed that a more prudent strategy should be adopted for the restricted funds as the construction of the Medieval and Renaissance Galleries has begun.

The market value of investments was £15.68m at 31 March 2008. The income earned during the year on each of the funds averages as follows:

- Unrestricted – 8%
- Restricted – 9%
- Permanent endowment – 5%

The Trustees consider these to be acceptable rates of return for the market conditions prevalent in 2007/08.

Note: the above figures relate to the Museum's Investments, and do not include the Investments consolidated from the Heather Trust for the Arts in relation to the Gilbert Collection (see below).

Fixed Assets

During the year, the Museum at South Kensington was revalued at £323.9m by Gerald Eve, Chartered Surveyors, the Museum of Childhood at Bethnal Green at £13.0m and a third of the site at Blythe House at £7.3m.

The depreciation charge for the year was £8.302m (2006/07: £8.909m).

Payment policy

The Museum's expressed intent is to adhere to the Government's standard on bill paying by aiming to settle bills within the 30 day terms of the Museum's standard contract. From a sample, we can project that over the past year the average time for payment of invoices not subject to query was 30 days (2007: 29 days).

Trading Companies

The Museum owns 100% of the issued share capital of V&A Enterprises Limited which carries out trading operations on behalf of the Museum. These accounts consolidate the results of the Museum (that is grant-funded activities and the Museum's Development, Trust and Bequest funds) with those of V&A Enterprises Ltd. As at 31 March 2008, V&A Enterprises Limited was due to make a gift aid payment of £1.79m, which transferred the balance of its taxable profits, to the Museum.

The Museum also owns 100% of the issued share capital of V&A Holdings Limited which in turn owns 100% of the issued share capital of V&A Limited which ran the V&A Golden Age of Couture Gala on behalf of the Museum during the year. These accounts have also been consolidated with the results of the Museum. As at 31 March 2008, V&A Limited was due to make a gift aid payment of £0.18m, which transferred the balance of its taxable profits, to the Museum.

The Gilbert Collection

In March 2008 the V&A entered into an agreement with the Heather Trust for the Arts (custodians of The Rosalinde and Arthur Gilbert Collection, a collection of silver, gold, micromosaics and gold boxes) to display this substantial collection at the V&A. The agreement has been signed by all stakeholders: the National Heritage Memorial Fund, The Gilbert Public Arts Foundation, the Gilbert Collection Trust, the Victoria and Albert Museum and the Heather Trust for the Arts. Under the agreement the Gilbert Collection (returned by the Gilbert Collection Trust) has been placed by the Heather Trust on loan with the V&A.

On the 18 March 2008 effective control of the Heather Trust for the Arts passed to the V&A as part of the agreement mentioned above. The V&A has effective control of the Board of the Heather Trust for the Arts with the appointment of related individuals onto the Board of the Heather Trust for the Arts and accordingly its results have been consolidated into the museum's results.

Political Gifts/Donations

The V&A makes no political gifts and as a charity itself does not normally make donations to other charities.

REMUNERATION REPORT

Membership

The membership of the Remuneration Committee comprised the following Trustees:

Paula Ridley – Trustee (Chair of Board of Trustees and of the Remuneration Committee to 31 October 2007)

Samir Shah – Trustee

Paul Ruddock – Trustee (Chair of Board of Trustees and of the Remuneration Committee from 1 November 2007)

Jane Gordon-Clark – Trustee (Appointed during 2007 for the purpose of determining the 2008/09 pay award; Retired from the Board of Trustees on 31 March 2008)

The Director, Mark Jones, Deputy Director, Ian Blatchford, and Head of Human Resources, Allan Hill were in attendance except when matters related to their own pay and performance were discussed.

Remuneration policy for senior managers

The Remuneration Committee reviews salaries of all senior managers employed by the Museum on senior manager contracts. The contracts provide for standard Museum terms and conditions of employment except where they apply to pay determination which is subject to review by the Remuneration Committee.

The Committee also considers the pay of two staff employed by V&A Enterprises: the Development Director and the Chief Executive of V&A Enterprises.

In 2007/8 the Committee considered the pay of 29 people in total including the Director.

At the beginning of the year, senior managers are set objectives based on the Museum's strategic plan. At the end of the year, their performance is assessed against objectives by the Director (or other senior manager). The methodology enables an assessment of performance to be made against objectives and where it can be demonstrated that performance has exceeded expectations, an individual can be nominated for a bonus payment. The nominations are subject to approval by the Remuneration Committee. The Chairman of the Board of Trustees undertakes the performance assessment for the Director.

The annual performance assessments and additional information (see below), are then reviewed by the Remuneration Committee and used to set pay levels and any performance bonuses.

Performance assessment and payment

When determining salary levels and performance bonuses, a number of factors are taken into account:

- the projected budget for the annual staff settlement and the overall increase for staff in post (ISP) percentage that has been agreed as part of the Museum's pay remit
- salary levels internally and in the market place (through salary surveys)
- job size and whether this has changed over the period (through formal evaluation, where applicable)
- the performance and contribution of the individual over the period (through performance appraisal)
- gender peer equality

As with bonus payments for staff subject to collective bargaining arrangements, senior staff bonuses are discretionary and are awarded where performance against objectives is rated as exceptional. They account for a proportion of total remuneration, up to a maximum bonus percentage of 5.5% in the 2007 performance year, are non consolidated and subject to the overall financial limits agreed as part of the Museum's pay remit.

Policy on duration of contracts, notice periods and termination payments

Senior staff (including the Director) are permanent employees of either the Victoria and Albert Museum or of VAE Limited.

A notice period for senior employees is three months and for the Director, six months. Termination payments are in accordance with Museum or VAE Limited's contractual terms.

All permanent Museum employees (unless choosing to opt out) are members of the Civil Service pension scheme, PCSPS, with associated redundancy and early retirement conditions. All VAE Limited staff are entitled to payments as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

Senior managers' remuneration disclosure (subject to audit)

The Board of Trustees of the Victoria and Albert Museum, who hold overall responsibility for the Museum, are not remunerated. Expenses paid are disclosed in note 5e to the Annual Report and Accounts.

The Director's and senior managers' emoluments and pension details for 2007/8 are below.

(The following staff have been included as they are members of the Museum's Resource Group and hence, the key decision makers in the organisation, and attend Trustee meetings)

	Salary, including any bonus or Benefit in kind (£'000)	Real increase in pension and related lump sum at age 60 (£)	Total accrued pension at age 60 at 31 March 2008 and related lump sum (£)	Cash equivalent transfer value at 31 March 2007 (£)	Cash equivalent transfer value at 31 March 2008 (£)	Real increase in CETV after adjustment for inflation and changes in market investment factors (£)	Employer contribution to partnership pension account including risk benefit cover (£)
Mark Jones, Director	149,417 (142,758)	0-2,500	65,000-70,000	1,183,000	1,368,000	32,000	-
Ian Blatchford, Deputy Director	105,000 (96,035)	7,500-10,000	15,000-20,000	87,000	226,000	95,000	-
David Anderson, Director of Learning and Interpretation	77,825 (77,985)	0-2,500	35,000-40,000	578,000	677,000	15,000	-
Moira Gemmill, Director of Projects, Design and Estate	74,952 (66,833)	0-2,500 and 2,500-5,000	5,000-10,000 and 15,000-20,000	70,000	105,000	22,000	-
Jane Lawson, Director of Development	88,715 (84,880)	N/A *	N/A *	N/A *	N/A *	N/A *	8,872
Beth McKillop, Director of Collections (From August 2007) and Keeper of Asia	51,883	0-2,500 and 5,000-7,500	25,000-30,000 and 75,000-80,000	437,000	557,000	41,000	-
Damien Whitmore, Director of Public Affairs	91,415 (86,299)	0-2,500 and 2,500-5,000	15,000-20,000 and 55,000-60,000	272,000	331,000	15,000	-
Paul Williamson, Director of Collections (until July 2007) and Keeper of Sculpture, Metalwork, Ceramics and Glass	25,941 (75,705)	0-2,500 and 0-2,500	25,000-30,000 and 75,000-80,000	489,000	459,000	4,000	-

* Jane Lawson is not part of the Principle Civil Service Pension Scheme – she is employed through the Museum's trading subsidiary V&A Enterprises Limited which operates a defined contribution pension scheme for its employees.

NB. Prior year figures are shown in brackets – for Beth McKillop and Paul Williamson the salary figures shown are those for the period they served on the Resource Group only.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. There were no benefits in kind during the year and there were no additional emoluments paid other than as disclosed above.

There have been no payments in respect of provision for compensation for early termination for senior managers serving in year, and no significant awards in respect of early termination have been made to former managers.

In addition, no compensation was payable to former senior managers and no amounts were payable to third parties for services of a senior manager.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits value is the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Paul Ruddock
Chair of Trustee Remuneration Committee
10 July 2008



Mark Jones
Director and Accounting Officer
10 July 2008

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer and Chair of the Audit Committee (as representative of the Board of Trustees), we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the Museum's objectives whilst safeguarding public funds and the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him under Government Accounting.

The Museum has a three-year funding agreement with its Government sponsor body, the Department for Culture, Media and Sport (DCMS), which includes targets for the Museum, to assist the Department in meeting its Public Service Agreement obligations and identifies the most significant risks to achieving the Museum's objectives. Progress against those funding agreement targets is monitored at least quarterly.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level consistent with the Museum's purpose and objectives. It is not designed to focus on elimination of risk and the system can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system's approach is an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Victoria and Albert Museum for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Trustees maintain an overview of internal control issues through the Audit Committee. This Committee plays a pivotal role in ensuring a sound control environment; its members ensure that a wide range of experience and expertise is available to the Museum by attending meetings and offering advice when required.

Its membership now comprises three Trustees (one of who chairs the Committee) and two external members, especially qualified for membership through their professional experience. The Director, Deputy Director and Director of Finance attend all meetings, as do representatives of the National Audit Office, and Internal Audit. The Committee may hold sessions with auditors alone or without management, at any time.

The Audit Committee has approved a Risk Management Policy and reviews the Risk Register regularly.

The risk and control framework

Identification and assessment of risk

The Museum operates two registers: Strategic and Operational

The **Strategic Risk Register** deals with issues mostly within the control of Trustees, and which are likely to benefit from their scrutiny. Such risks include governance, reputation and policy matters. This strategic section included key physical threats, relating to issues such as health and safety and the security of the collections, where the Trustees have statutory or quasi-statutory obligations or where realisation of a risk would have exceptionally serious consequences (e.g. business continuity planning).

The **Operational Risk Register** deals with matters more within the control, and personal responsibility, of senior management. This embraced a wide range of issues such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; information and data security; audience development; and procurement.

In 2006/07, Internal Audit carried out a review of the current process of identification, management, and reporting of risks in the Museum, and the content of the risk registers. As a result, the Museum changed the format of the strategic register and has set up a group, chaired by the Director of Finance and comprising operational heads, which will periodically review and update the operational risk register.

The revised Strategic Risk Register has been approved by the Museum's Management Board and the Board of Trustees. The new format describes visually the overall risk 'landscape' and explains that risks have several dimensions – impact, likelihood and relationship to other risks, especially in terms of priority for management time and attention.

The Audit Committee have also decided that, where a major new risk emerges, a report should be made immediately to the Management Board, rather than waiting to report under the normal cycle.

Monitoring of risk

The procedures associated with the Risk Register are only part of the control environment operating within the Museum. Other key aspects include:

- the *Management Board* meets fortnightly to review all operational issues;
- the Trustees and senior management have agreed a *Strategic Plan* (2007-2012) which outlines key short and medium-term objectives and appropriate indicators. This ensures that scarce resources are applied to key corporate priorities;
- the Audit Committee receives regular reports from the *Internal Auditor* on the steps taken to manage risks in all areas of activity;
- the Museum also receives reports from the *External Auditors* (National Audit Office) arising from their annual audit and their value-for-money work;
- the *Finance Committee* reviews the financial management of the Museum through quarterly management reports and three-year outline budgets;
- the *Buildings Strategy Committee* monitors the progress of large capital projects and the performance of management on health and safety issues;
- the *Development Committee* assesses the feasibility of fundraising targets (both revenue and capital) and donor relations; and
- the *Collections Committee* monitors key aspects of collections management and major acquisition and loan proposals.

Review of effectiveness

As Accounting Officer and Chair of the Audit Committee (on behalf of the Board of Trustees), we have joint responsibility for reviewing the effectiveness of the controls. Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and by audits and comments made by external auditors in their management letter and other reports.

The Victoria and Albert Museum has suffered no protected personal data incidents during 2007/08 or prior years and has made no report to the Information Commissioner's Office.

Internal Audit

Internal Audit services are provided by two firms of accountants, one providing assurance on strategic issues such as risk management, and the other on operational areas such as collections management. Both firms work to standards defined in the Government Internal Audit Standards.

The annual internal audit plan is approved by the Audit Committee and the Risk Register is used to identify appropriate areas for investigation.

At regular intervals throughout the year, the Internal Auditors provide the Accounting Officer with reports generated from the annual review plan and these are then presented to the Audit Committee. Such reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Museum's system of internal control during the report period together with recommendations. The internal auditors also report on progress against recommendations made in previous financial years and provide an annual statement of assurance to the Accounting Officer and the Trustees based on the work performed during the year.

In 2007/08 the Internal Auditors reported on key financial controls, catering income, building projects management, and collections security.

We have been advised on the implications of these reviews and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Executive Management

Each member of the Executive Management Board provides an annual assurance statement confirming that all financial transactions and liabilities have been recorded and notified; and also confirming that they will operate within the budget resources allocated for the forthcoming financial year.

External Assurance

Further assurance is provided by consultants whom the Museum may engage from time to time to review particular areas of operation. In addition to the year end audit, audits carried out by other statutory bodies such as Her Majesty's Revenue and Customs (HMRC) may provide further assurance in specific areas.

Theft of Museum Objects in 2007/08

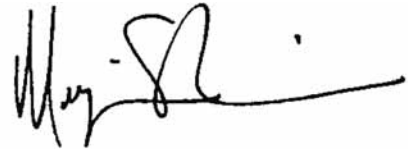
Theft of objects is one of the Museum's major risks and actions to mitigate this risk are being progressively enhanced through improved security measures. The Trustees remain concerned by the seriousness of the risk of theft to the Museum and its collections. The Museum is also in the process of implementing its four year plan (SecurePlan), approved by the Trustees in 2004/05 and aimed at delivering a significant overhaul of gallery security on all sites.

The success of SecurePlan can be evidenced by the fact that the Museum suffered no thefts during the financial year.

An oil painting, "The Wildflower Gatherers" is by John Linnel, worth £15,000 in a frame valued at £5,000, taken from the British Galleries, in March 2007, was recovered during the year.



Mark Jones
Director and Accounting Officer
10 July 2008



Dame Marjorie Scardino
Chair – Audit Committee
10 July 2008

Annex A: V&A Management staff and structure

Board of Trustees at April 2008

Name	Term expires
Paul Ruddock (Chair)	01/11/11
Edwin Davies OBE	01/02/10
Tom Dixon OBE	01/11/10
Professor Sir Christopher Frayling	(ex officio)
Betty Jackson CBE	05/12/08
Professor Lisa Jardine CBE	16/12/11
Rick Mather	30/10/08
Peter Rogers CBE	05/08/08
The Rt Hon Sir Timothy Sainsbury	16/12/11
Dame Marjorie Scardino DBE	06/02/11
Samir Shah OBE	05/12/08

Committees of the Board of Trustees

Committee	Chairman
Audit	Dame Marjorie Scardino
Buildings Strategy	Peter Rogers
Collections	Professor Lisa Jardine
Development	Paul Ruddock
Finance	Edwin Davies
Museum of Childhood	Professor Lisa Jardine

Audit Committee at April 2008

Dame Marjorie Scardino
 Paul Ruddock
 Samir Shah OBE
 Joao Baptista *
 Robert Berg *

* Not a member of the Board of Trustees

V&A Management Board at April 2008

Mark Jones, Director of the V&A (Chair)
 David Anderson, Director of Learning & Interpretation
 Ian Blatchford, Deputy Director
 Julius Bryant, Keeper, Word & Image
 Gail Durbin, Head of Online Museum
 Anupam Ganguli, Director of Finance
 Moira Gemmill, Director of Projects, Design & Estate
 Allan Hill, Head of Human Resources
 Jane Lawson, Director of Development
 Diane Lees, Director, Museum of Childhood
 Geoff Marsh, Director, Theatre Collections
 Beth McKillop, Director of Collections and Keeper, Asia
 Jo Prosser, Managing Director, V&A Enterprises
 Sue Ridley, Head of Security & Visitor Services
 Nick Umney, Director of Collections Services
 Damien Whitmore, Director of Public Affairs
 Christopher Wilk, Keeper, Furniture, Textiles & Fashion
 Paul Williamson, Keeper, Sculpture, Metalwork, Ceramics & Glass

Committees of the Management Board

Committee	Chairman
Collections Group	Director of Collections
Digital FuturePlan Group	Director
Access, Inclusion & Diversity Strategy Group	Director of Learning & Interpretation
FuturePlan Steering Group	Director
Publications Advisory Group	Managing Director, VAE
Public Programme Group	Director
Safety and Security Committee	Deputy Director
Staffing Committee	Director
Training and Development Advisory Group	Head of Human Resources
V&A UK Steering Group	Director, Museum of Childhood

Other senior staff groups

Resource Group	Director
International Strategy Group	Director of Collections

Organisation Structure and Decision Making

The National Heritage Act 1983 requires the Board to appoint a Director, with the approval of the Prime Minister, and stipulates that the Director will be responsible to the Trustees for the general exercise of their functions. In general, the Board focuses on policy and strategy, leaving operational matters to the Director. Much of the Board's business is conducted through its seven committees. Key decisions/issues reserved to the Board include:

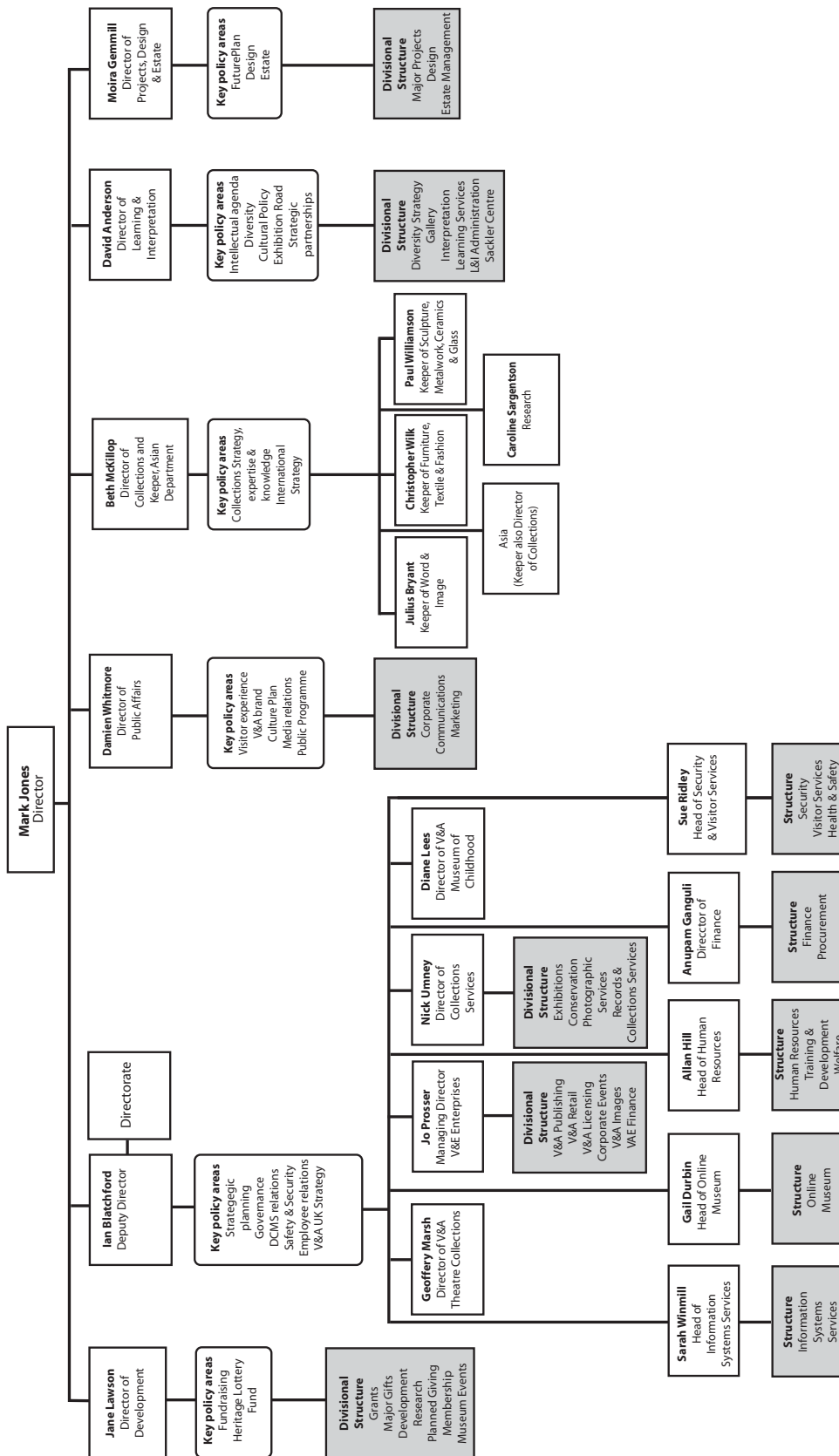
- issues of corporate strategy
- key strategic objectives and targets
- major decisions involving the use of financial and other resources
- senior personnel issues and standards of conduct
- the appointment of the Director (jointly with the Prime Minister)
- involvement in the appointment of some senior staff (jointly with the Director)
- the approval of major purchases by the Museum of objects valued at £100,000, or more, on the recommendation of the Trustees' Collections Committee
- the approval of major loans by the Museum of objects valued at £1,000,000, or more, on the recommendation of the Trustees' Collections Committee
- considering the remuneration of senior staff.

The primary decision-making body of the V&A is the Management Board, comprising 18 senior staff members and chaired by the Director.

Annex B: Organisational structure

The diagram shows the V&A's management structure at April 2008

V&A management structure at April 2008



Annex C: Legal and administrative information

Trustees

Paul Ruddock (Chair)
Edwin Davies OBE
Tom Dixon OBE
Professor Sir Christopher Frayling (ex officio)
Betty Jackson CBE
Professor Lisa Jardine CBE
Rick Mather
Peter Rogers CBE
The Rt Hon Sir Timothy Sainsbury
Dame Marjorie Scardino DBE
Samir Shah OBE

Director

Mark Jones

Principal address

Victoria and Albert Museum
Cromwell Road
London SW7 2RL

Bankers

National Westminster
Knightsbridge Business Centre
186 Brompton Road
London SW3 1XJ

Auditors – Internal

AHL Limited
Chartwell House
292-294 Hale Lane
Edgware
Middlesex HA8 8NP

Sayer Vincent
8 Angel Gate
City Road
London EC1V 2SJ

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London WC2A 3CH

Investment Managers

Sarasin Chiswell
5th floor
Juxon House
100 St Paul's Churchyard
London, EC4M 8BU

Auditors – External

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

Heather Trust for the Arts

Saffery Champness
Lion House
Red Lion Street
London WC1R 4GB

V&A Enterprises Limited

Moore Stephens LLP
St Paul's House
London EC4M 7BP

V&A Limited

Haysmacintyre
Fairfax House,
15 Fulwood Place,
London WC1V 6AY

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

The Board of Trustees of the V&A was established by the National Heritage Act 1983. The functions of the Board, as defined by the National Heritage Act are:

- to care for, preserve and add to the collections;
- to ensure that the collections are made available by display and by providing reference facilities;
- to add to the body of knowledge relevant to the collections through research; and
- to disseminate that knowledge.

Under ss.9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for the Department for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year. The Accounting Officer has taken the necessary steps to ensure that there is no relevant audit information of which the external auditors are unaware.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Museum will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum issued by HM Treasury and published in Government Accounting.



MARK JONES
Director and Accounting Officer
10 July 2008



PAUL RUDDOCK
Chairman of Trustees
10 July 2008

* (a copy of which is available from the Finance Director, Victoria & Albert Museum, Cromwell Road, London SW7 2RL)

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Victoria and Albert Museum group for the year ended 31 March 2008 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and auditor

The Board of Trustees and the Director, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises the Introduction; Collections and Visitors; Exhibitions and Contemporary; Education, Learning and Interpretation and the Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Victoria and Albert Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Victoria and Albert Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Victoria and Albert Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Annexes and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Victoria and Albert Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, of the state of the Victoria and Albert Museum and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- the information, which comprises the Introduction; Collections and Visitors; Exhibitions and Contemporary; Education, Learning and Interpretation and the Financial Review, included in the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General

16 July 2008

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

Consolidated Statement of Financial Activities for the year ended 31 March 2008

	Notes	Unrestricted funds	Restricted funds	Permanent Endowment funds	2008 Total funds £'000	2007 Total funds £'000
		£'000	£'000	£'000	£'000	£'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
– Grant in Aid	2a	38,527	3,735	–	42,262	39,112
– Donations, legacies and similar income	2b	1,115	11,416	10,716	23,247	11,558
– Donated objects	6	–	3,185	–	3,185	1,086
Activities for generating funds						
– Trading Income	8	10,713	–	–	10,713	9,489
– Sponsorship		175	119	–	294	1,069
Investment income	3	624	718	–	1,342	1,000
		<u>51,154</u>	<u>19,173</u>	<u>10,716</u>	81,043	<u>63,314</u>
<i>Incoming resources from charitable activities</i>						
Lottery income		–	2,229	–	2,229	3,564
Admissions & exhibition fees (incl loans & touring)		2,721	10	–	2,731	2,909
		<u>2,721</u>	<u>2,239</u>	<u>–</u>	4,960	<u>6,473</u>
<i>Other Incoming resources</i>						
Other income		1,085	566	–	1,651	4,222
Exceptional item income		–	–	–	–	200
		<u>1,085</u>	<u>566</u>	<u>–</u>	1,651	<u>4,422</u>
Total incoming resources		<u>54,960</u>	<u>21,978</u>	<u>10,716</u>	87,654	<u>74,209</u>
Resources expended						
5(a)						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		3,125	57	–	3,182	3,132
Fundraising Trading costs	8	8,730	–	–	8,730	7,788
Investment management costs		55	31	–	86	36
		<u>11,910</u>	<u>88</u>	<u>–</u>	11,998	<u>10,956</u>
<i>Charitable Activities</i>						
Collections & Visitors		33,753	2,643	–	36,396	36,403
Exhibitions & Contemporary		6,208	165	–	6,373	6,504
Education, Learning & interpretation		5,741	1,343	–	7,084	6,516
		<u>45,702</u>	<u>4,151</u>	<u>–</u>	49,853	<u>49,423</u>
<i>Governance costs</i>						
		740	28	–	768	780
		<u>740</u>	<u>28</u>	<u>–</u>	768	<u>780</u>
Total resources expended		<u>58,352</u>	<u>4,267</u>	<u>–</u>	62,619	<u>61,159</u>
Net (outgoing)/incoming resources before notional costs		(3,392)	17,711	10,716	25,035	13,050

Consolidated Statement of Financial Activities for the year ended 31 March 2008 (cont'd)

	Notes	Unrestricted funds	Restricted funds	Permanent Endowment funds	2008 Total funds £'000	2007 Total funds £'000
Notional Costs		(67)	(9,643)	–	(9,710)	(9,566)
Net resources expended including notional costs		(3,459)	8,068	10,716	15,325	3,484
Reversal of notional costs		67	9,643	–	9,710	9,566
Net (outgoing)/incoming resources before transfers		(3,392)	17,711	10,716	25,035	13,050
Gross transfers between funds		5,326	(5,326)	–	–	–
Net incoming resources before other recognised gains and losses		1,934	12,385	10,716	25,035	13,050
Gains/(losses) on investment assets		163	64	(164)	63	148
Gain on revaluation of fixed assets		–	8,883	–	8,883	11,875
Net movement in funds		2,097	21,332	10,552	33,981	25,073
Fund balances bfwd at 1 April 2007		7,817	373,314	5,003	386,134	361,061
Fund balances cfwd at 31 March 2008	14	9,914	394,646	15,555	420,115	386,134

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

The notes on pages 37 to 53 form part of these financial statements..

Consolidated and Museum Balance Sheets for the year ended 31 March 2008

	Notes	Group 2008 £'000	Museum 2008 £'000	Group 2007 £'000	Museum 2007 £'000
Fixed assets					
Tangible assets	6	346,013	345,829	332,484	332,175
Heritage assets	6	34,765	34,765	30,801	30,801
Investments	7	25,240	15,886	10,876	11,079
		406,018	396,480	374,161	374,055
Debtors due after one year	9	-	1,000	-	-
Current assets					
Stock		1,044	-	1,071	-
Debtors due within one year	9	6,841	8,646	7,041	8,512
Cash		17,993	15,271	14,870	13,816
		25,878	23,917	22,982	22,328
Creditors due within one year	10	(11,642)	(10,792)	(10,822)	(10,062)
Net current assets		14,236	13,125	12,160	12,266
Total assets less current liabilities		420,254	410,605	386,321	386,321
Creditors due after one year	10	(139)	(139)	(187)	(187)
Net assets		420,115	410,466	386,134	386,134
Income funds					
<i>Designated funds</i>		8,744	8,744	6,817	6,817
<i>General funds</i>		1,170	1,170	1,000	1,000
Unrestricted funds	14	9,914	9,914	7,817	7,817
Restricted funds	14	394,646	394,554	373,314	373,314
Total Income funds		404,560	404,468	381,131	381,131
Permanent endowment funds	14	15,555	5,998	5,003	5,003
Total funds		420,115	410,466	386,134	386,134

The financial statements on pages 33 to 53 were approved by the Director and the Chairman.



MARK JONES
Director and Accounting Officer
10 July 2008



PAUL RUDDOCK
Chairman of Trustees
10 July 2008

The financial statements were despatched to the secretary for the Department for Culture Media and Sport on 16 July 2008

The notes on pages 37 to 53 form part of these financial statements.

Consolidated Cashflow Statement for the year ended 31 March 2008

		2008	2007
		£'000	£'000
Net cash inflow from operating activities	a	19,102	19,750
Returns on investments	b	1,342	1,000
Capital expenditure and financial investment	b	(28,037)	(18,198)
Permanent Endowment	b	10,716	500
Increase in cash and cash equivalents	d	<u>3,123</u>	<u>3,052</u>

a) Reconciliation of net incoming resources to net cash inflow from operating activities

Net incoming resources (Unrestricted and Restricted Funds)	14,319	12,550
Investment income	(1,342)	(1,000)
Net incoming resources before transfer and revaluations	12,977	11,550
Donated assets acquired	(3,185)	(1,086)
Depreciation	8,302	8,138
Loss on fixed assets	10	-
(Increase)/decrease in stocks	27	(99)
Decrease/(increase) in debtors	201	608
(Decrease)/Increase in creditors due within one year	818	775
(Decrease)/Increase in creditors due after one year	(48)	(136)
Net cash inflow from operating activities	<u>19,102</u>	<u>19,750</u>

b) Analysis of cash flows*Return on investments:*

Investment income	<u>1,342</u>	<u>1,000</u>
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Capital expenditure and financial investment:

Payments to acquire tangible fixed assets	(13,737)	(13,892)
Purchase of investments	(19,119)	(11,586)
Proceeds from sale of investments	4,563	7,280
Changes in market values and exchange rate effects	256	-
	<u>(28,037)</u>	<u>(18,198)</u>

Financing:

(Decrease)/increase in Permanent Endowments	<u>10,716</u>	<u>500</u>
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c) Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	3,123	3,052
Cashflow from change in liquid resources	-	-
Movement in net funds in the period	3,123	3,052
Net funds at 1 April 2007	14,870	11,818
Net funds at 31 March 2008	<u>17,993</u>	<u>14,870</u>

d) Analysis of net funds

	At 1 April 2007	Cashflow	At 31 March 2008
	£'000	£'000	£'000
Cash at bank and in hand	14,870	3,123	17,993
Liquid resources	-	-	-
Net funds	<u>14,870</u>	<u>3,123</u>	<u>17,993</u>

The notes on pages 37 to 53 form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2008

1 Accounting policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and with the exception of investments which have been included at market value, and comply with Statement of Recommended Practice "Accounting and Reporting by Charities", applicable accounting standards, the requirements of the Companies Act and the Accounts Direction issued by the Department for Culture, Media & Sport in 2005 and in a form directed by the Secretary of State with the consent of Treasury in accordance with the Museums and Galleries Act 1992.

The Museum is exempt from corporation tax under section 505 of the Income and Corporation Taxes Act 1998.

Consolidated accounts have been prepared which include the Museum accounts, the Museum's trading subsidiaries V&A Enterprises Ltd., and V&A Limited, consolidated on a line-by-line basis. In addition the consolidated accounts also include those of the Heather Trust for the Arts as the V&A has a controlling influence over the board of the Trust. The Museum Trustees act as Trustees to all the individual funds within the Museum accounts apart from the London Archives of the Dance for which the Director is a Trustee along with two non-Museum Trustees. The Museum owns the whole of the issued share capital of V&A Enterprises Ltd and exercises further control through its overall majority voting powers by virtue of the fact that two of the Museum's Trustees as well as the Museum Director are directors of the company. The Friends of the V&A is a separate charitable company, run by its own board of Trustees and is not consolidated into the Museum's accounts.

b) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum. Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. Permanent endowment funds are funds which the donor has stated are to be held as capital.

The South Kensington, Bethnal Green and Blythe House sites are subject to restrictions on their disposal. As a result a transfer is made each year from Unrestricted to Restricted funds in respect of the government funded portion of capital movements in the year.

c) Incoming resources

Grant-in-Aid income from the Department for Culture, Media and Sport is recognised in the Statement of Financial Activities on receipt. The restricted element relates to those funds granted specifically for capital purchases.

Gifts and donated assets are accounted for when received by the Museum, and are valued at their market value on the date of receipt.

Legacies are recognised as receivable when confirmation is received from the estate's executor.

Grants and other income that is awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly.

The museum recognises the costs and income of an exhibition in the year in which the exhibition takes place. Income received for an exhibition taking place in a future period is entered in the first instance on the balance sheet and disclosed under the heading 'Deferred exhibition income'. This deferred income relating to the exhibition, together with any deferred expenses are recognised in the SOFA in the year in which the majority of the exhibition takes place.

All other income is accounted for on a receivable basis.

d) Expenditure

Expenditure is classified under the principal categories of Charitable Activities and Costs of Generating Funds rather than by type of expense, in order to provide more useful information to the users of the financial statements. These categories comprise direct expenditure including direct staff costs attributable to the activity.

Costs are allocated directly to the activities to which they relate. Finance, Human Resources, Information Services & Support and Estate costs are allocated between the activities on the basis of staff numbers within these areas.

Governance costs comprise the costs associated with the strategic management of the Museum. Governance staff costs represent the staff involved in the strategic management of the Museum. Also included within Governance costs are the costs of supporting these staff together with other strategic costs such as external audit costs, internal audit costs, legal fees and consultancy fees.

The museum recognises the costs and income of an exhibition in the year in which the exhibition takes place. The costs of an exhibition taking place in a future period are charged in the first instance to the balance sheet and disclosed under the heading 'Prepaid exhibitions expenditure'. These costs, together with any deferred income relating to the exhibition, are recognised in the SOFA in the year in which the majority of the exhibition takes place.

Depreciation has been allocated to activities on a basis consistent with the use of assets and is charged based upon opening asset values.

All other liabilities are recognised as they fall due.

e) Notional cost of capital

Notional cost of capital calculation is a requirement of Treasury and is calculated as 3.5% (2007: 3.5%) of the average non-donated capital employed by the Museum in the year.

f) Heritage assets

In accordance with the Financial Reporting Manual (FRM) as issued by the Treasury, additions to the collection acquired since 1st April 2001 are capitalised and recognised in the Balance Sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Such items are not depreciated or revalued as a matter of routine.

g) Tangible fixed assets

Tangible fixed assets are accounted for using modified historic cost accounting where the effect is material. Assets with a value greater than £2,000 are capitalised and included in the balance sheet. In accordance with FRS15 – Tangible Fixed Assets, additions to the Collection acquired since 1 April 2001 are capitalised at the cost or value of the acquisition, and are not depreciated.

Depreciation has been provided on all opening gross book values of tangible assets except land, calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings – Structural	– between 20 and 50 years
Buildings – Fit-out	– between 4 and 20 years
Buildings – Plant & Machinery	– between 4 and 20 years
Furniture and Fittings	– between 4 and 20 years
Equipment	– between 4 and 10 years

For assets under construction, depreciation is not charged until the year the asset has been completed.

A full year of depreciation is charged in the year of acquisition, and none in the year of disposal.

As stated above, acquisitions to the collection are not depreciated or revalued as a matter of routine.

h) Investments

Investments are stated at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities includes only those unrealised gains arising from the revaluation of the investment portfolio throughout the year.

Disclosure is made in note 7 of the difference between the historical cost and the sale proceeds of the investments sold during the year.

i) Stock and work in progress

Stock is valued at the lower of cost and net realisable value and comprises goods for resale.

j) Pension cost

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described in the Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Museum recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Museum recognises the contributions payable for the year.

V & A Enterprises Limited operates a defined contribution pension scheme and the assets of the scheme are held separately from those of the company in an independently administered fund with Friends Provident.

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

l) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

2a Grant in Aid income

Grant in Aid of £42.26m was received from the Department for Culture, Media and Sport during the year (2006/07 £39.11m). This represents 54% of the total income for the Museum (excl. the Heather Trust for the Arts Endowment). The balance of funding, including the majority of capital improvements, comes from self-generated income. Included within the total Grant in Aid received is an amount restricted to capital works which for 2007/08 totalled £3.25m (2006/07 £1.75m).

2b Voluntary income

	Unrestricted funds	Restricted funds	Permanent Endowment Funds	Total 2008	Total 2007
	£'000	£'000	£'000	£'000	£'000
Donations and Legacies	679	11,416	10,716	22,811	11,183
Corporate Members	216	–	–	216	201
Patrons scheme	220	–	–	220	174
	<u>1,115</u>	<u>11,416</u>	<u>10,716</u>	<u>23,247</u>	<u>11,558</u>

3 Investment Income

Interest receivable	463	158	–	621	777
British Government stocks	52	252	–	304	22
UK equities	81	230	–	311	132
Overseas equities	28	80	–	108	91
Exchange gains/(losses)	–	(2)	–	(2)	(22)
	<u>624</u>	<u>718</u>	<u>–</u>	<u>1,342</u>	<u>1,000</u>

4 Net incoming resources: is stated after charging:

	2008	2007
	£'000	£'000
External Auditors' remuneration (Group)	56	50
Operating lease payments – Land and Buildings	659	575
– Other	150	243

5a Total resources expended

	Staff Costs	Other Costs	Depreciation	Total 2008 £'000	Total 2007 £'000
<i>Cost of generating funds</i>	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary income	1,797	1,135	250	3,182	3,132
Fundraising Trading costs	2,723	5,846	161	8,730	7,788
Investment management costs	–	86	–	86	36
	<u>4,520</u>	<u>7,067</u>	<u>411</u>	11,998	10,956
<i>Charitable Activities</i>					
Collections & Visitors	18,695	10,921	6,780	36,396	36,403
Exhibitions & Contemporary	1,611	4,516	245	6,372	6,504
Education, Learning & interpretation	4,328	2,026	731	7,085	6,516
	<u>24,634</u>	<u>17,463</u>	<u>7,756</u>	49,853	49,423
<i>Governance costs</i> ¹	387	246	135	768	780
Total resources expended	29,541	24,776	8,302	62,619	61,159

¹ Governance Costs

External Audit Fees *	37	35
Internal Audit Fees	47	50
Legal Fees	44	20
Staff costs	387	371
Consultancy Fees	11	40
Other strategic costs	107	130
Depreciation	135	134
	768	780

* Museum only

Support costs included in above resources expended have been allocated in the activities above on the basis of staff numbers as follows:

	Information services & support £'000	Projects & Estates £'000	Finance & Adminis- tration £'000	Human Resources £'000	Branch Museums – Adminis- tration £'000	Total £'000
<i>Cost of generating funds</i>						
Costs of generating voluntary income	48	201	38	26	46	359
<i>Charitable Activities</i>						
Collections & Visitors	1,420	5,983	1,138	786	1,377	10,704
Exhibitions & Contemporary	82	344	65	45	79	615
Education, Learning & interpretation	423	1,782	339	235	411	3,190
	<u>1,925</u>	<u>8,109</u>	<u>1,542</u>	<u>1,066</u>	<u>1,867</u>	<u>14,509</u>
	<u>1,973</u>	<u>8,310</u>	<u>1,580</u>	<u>1,092</u>	<u>1,913</u>	<u>14,868</u>

5b Wages and salaries

	2008 £'000	2007 £'000
Wages and salaries	22,726	21,809
Social security costs	1,746	1,679
Pension costs	3,882	3,784
Agency and temporary staff	1,023	992
	29,377	28,264
Early retirement and severance costs	164	–
	29,541	28,264

During the year external funding was received in respect of salaries totalling £1,269,614 (2007: £787,113).

V&A Enterprises Limited's staff costs were £3.764m (2007: £3.574m) of which £2.723m (2007: £2.593m) was for trading activities and £1.041m (2007: £0.982m) was for services provided to the museum.

The number of employees, including the Director, whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2008	2007
£60,001 – £70,000	8	7
£70,001 – £80,000	9	6
£80,001 – £90,000	2	2
£90,001 – £100,000	1	1
£100,001 – £110,000	1	–
£140,001 – £150,000	1	1
	22	17

Of the employees listed above, 19 (2007: 15) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £335,731 (2007: £290,921). The other 3 (2007: 2) employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £22,872 (2007: £15,666).

Senior staff salaries are disclosed in further detail in the remuneration report.

5c Pension disclosure

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Victoria and Albert Museum is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out by Hewitt Associates as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). The Victoria and Albert Museum is only liable for the contribution they have made directly.

For 2007-08, employers' contributions of £3.652m were payable to the PCSPS (2006-07 £3.555m) at one of four rates in the range 17.1 to 25.5 percent of pensionable pay, based on salary bands (the rates in 2006-07 were between 17.1 and 25.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007-08, the salary bands will be revised but the rates will remain the same. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

From 1 October 2002, museum staff may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £33,628 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer's contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers' also match employee contributions up to 3 per cent of pensionable pay.

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at the date were £nil.

The Museum's trading company, V&A Enterprises Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Friends Provident. Employer contributions are made at an average of 10% and the total amount paid during the year was £211,090 (2007: £211,372).

5d Trustees

The Trustees neither received nor waived any emoluments during the year (2007: £nil).

Travel expenses reimbursed to one trustee amounted to £1,704 (2007: One trustee – £2,226)

5e Average number of employees (*)

	2008	2007
Costs of generating voluntary income	46	46
Fundraising Trading costs	107	101
Collections & Visitors	608	600
Exhibitions & Contemporary	35	32
Education, Learning & interpretation	181	168
Governance costs	10	13
	987	960

(*) based on full-time equivalents.

Of the above employees – 680 are full time permanent employees of the Museum (2007: 667), 43 are externally funded posts (2007: 28), and the remaining employees are temporary staff.

6 Tangible fixed assets

Group	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2007	325,017	1,918	4,250	7,122	338,307
Re-classification	101	–	–	(101)	–
Additions	2,226	379	500	9,853	12,958
Disposals	–	(259)	(315)	–	(574)
Revaluation	1,751	–	–	–	1,751
At 31 March 2008	<u>329,095</u>	<u>2,038</u>	<u>4,435</u>	<u>16,874</u>	352,443
Depreciation					
At 1 April 2007	1,386	1,350	3,087	–	5,823
Re-classification	–	–	–	–	–
Charged for the year	7,187	407	708	–	8,302
Disposals	–	(250)	(313)	–	(563)
Revaluation	(7,132)	–	–	–	(7,132)
At 31 March 2008	<u>1,441</u>	<u>1,507</u>	<u>3,482</u>	<u>–</u>	6,430
Net book value					
At 31 March 2008	<u>327,654</u>	<u>531</u>	<u>954</u>	<u>16,874</u>	346,013
At 31 March 2007	<u>323,631</u>	<u>568</u>	<u>1,163</u>	<u>7,122</u>	332,484

The net book value at 31 March 2008 represents fixed assets of the Group for:

	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Direct charitable activities	276,430	59	462	474	277,425
Other activities	51,224	472	492	16,400	68,588
Total	327,654	531	954	16,874	346,013
	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Museum					
Cost or valuation					
At 1 April 2007	325,017	1,431	4,025	7,122	337,595
Re-classification	101	-	-	(101)	-
Additions	2,226	350	493	9,853	12,922
Disposals	-	(47)	(306)	-	(353)
Revaluation	1,751	-	-	-	1,751
At 31 March 2008	329,095	1,734	4,212	16,874	351,915
Depreciation					
At 1 April 2007	1,386	1,073	2,960	-	5,419
Re-classification	-	-	-	-	-
Charged for the year	7,187	303	650	-	8,140
Disposals	-	(38)	(305)	-	(343)
Revaluation	(7,132)	-	-	-	(7,132)
At 31 March 2008	1,441	1,338	3,305	-	6,084
Net book value					
At 31 March 2008	327,654	396	907	16,874	345,829
At 31 March 2007	323,631	358	1,065	7,122	332,176

Heritage Assets

Additions of £3.964m (2007: £2.748m) were made to the Collection. There were no disposals during the year. The additions comprise the following elements:

	2008 £'000	2007 £'000
Opening balance b/fwd	30,801	28,053
Donations of objects by gift or bequest	2,959	543
Donations of objects under the acceptance in lieu scheme	226	543
	3,185	1,086
Acquisitions funded from unrestricted funds	408	436
Acquisitions funded by specific grants and donations (restricted funds)	371	1,226
Total Additions	3,964	2,748
Closing balance c/fwd	34,765	30,801

Land & Buildings

On the 31st March 2008 a desktop valuation was carried out by Gerald Eve (Chartered Surveyors) in accordance with the RICS appraisal and valuations manual. The last full valuation was carried out on 31st March 2004. The site at South Kensington was valued at £323.9m, the site at Bethnal Green at £13.0m and the V&A's share of Blythe House at £7.3m. The net revaluation surplus arising of £8.0m on the site at South Kensington, of £0.8m on the site at Bethnal Green and of £0.2m on the site at Blythe House were transferred to Revaluation Reserve.

In addition, the following leasehold properties (all of which are operating leases) were also subject to a desktop valuation by Gerald Eve (Chartered Surveyors) as at 31 March 2008. The Valuation amounts are:

Leasehold Property

Property	Title	Basis of Valuation	2008 £'000	2007 £'000
Museum of Performance, WC2	Leasehold	Existing Use Value	–	100
88 Kirtling Street, SW8	Leasehold	Existing Use Value	200	252
Vaults 3, 4, 5 & 6 – Dean Hill Park	Leasehold	Existing Use Value	–	–

The valuation of leaseholds reflects any differences between rent being paid and current market rent.

In January 2007 the Museum of Performance closed to the public, with the collection to be redisplayed at the main site. In consideration of a payment of £1m to the V&A, the lease at the Museum of Performance was varied to expire in 18 months with a reduction in the rental charge. The £1m has been designated and will be put toward the future development of the theatre collection at South Kensington.

The appropriate basis of valuation for financial statements is normally existing use value. However, the Museum in Cromwell Road and the Museum of Childhood in Bethnal Green are of such a construction and specialised use that an Existing Use basis of valuation is inappropriate. The lack of demand or market value for the property in isolation from its current use is such that the land and buildings are most appropriately valued according to their Depreciated Replacement Cost.

7 Investments

	2008 £'000	2007 £'000
Market value at 1 April 2007	10,876	6,422
Add: Acquisitions at cost	19,119	11,586
Less: Disposal proceeds	(4,563)	(7,280)
Net gain/(loss) on revaluation	(193)	148
Market value at 31 March 2008	25,240	10,876
Historical cost at 31 March 2008	25,127	10,283
Unrealised investment gain/(loss) at 31 March 2008	113	593
Investment gain/(loss) based on historic costs	386	767

All investments are listed on a recognised stock exchange and are analysed as follows:

	2008 £'000	2007 £'000
Investment assets in the UK	18,688	6,447
Investment assets outside the UK	6,552	4,429
	25,240	10,876

All investments are classified as fixed asset investments given that these assets are for the long term use of the business.

The above figures include the consolidated Heather Trust for the Arts Investments which total £9.56m.

The Museum investments are held in a charities common investment fund in order to mitigate risk on investments and improve returns.

The Role of Financial Instruments

FRS 13, Derivatives and other Financial Instruments, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the museum faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within twelve months of the Balance Sheet have been omitted from this note.

Liquidity Risk

– The majority of income (i.e. 54% – excl. the Heather Trust for the Arts Endowment) is received by way of Grant in Aid. The remainder of operational costs must be financed by self-generated income which is volatile. This risk is managed through the Museum's policy to maintain general and designated funds and is reviewed periodically.

Foreign Currency Risk

– The Museum's exposure to foreign currency risk is not significant.

Interest Rate Risk

– The Museum has no exposure to interest rate risk on its financial liabilities. The interest risk on its financial assets are as follows:

	Total £'000	Floating Rate Financial Assets £'000	Fixed Rate Financial Assets £'000	Non-interest Bearing Financial Assets £'000	Assets Earning Equity Return £'000	Weighted Average Fixed interest rate %	Weighted Average Period for which rate is fixed Yrs
At 31 March 2008							
Sterling	35,639	16,639	7,277	312	11,411	5.66%	8.69
Other	7,594	906	688	136	5,864	0.45%	0.57
Total	43,233	17,545	7,965	448	17,275	5.21%	7.99
As at 31 March 2007							
Sterling	20,812	14,040	3,965	324	2,483	6.01%	10.20
Other	5,056	572	148	55	4,281	0.21%	0.23
Total	25,868	14,612	4,113	379	6,764	5.80%	9.84
Reconciliation to Accounts						2008	2007
						£'000	£'000
Cash						17,993	14,870
Investments (Fixed Assets)						25,240	10,876
Debtors (Accrued interest portion only)						–	122
						43,233	25,868

8 Trading subsidiary

The Museum owns the whole of the issued share capital of V&A Enterprises Limited, a company registered in England and Wales. The company's principal activities are the sale of books and other materials relating to art, craft and design, and the granting of licences of goods inspired by, or reproduced from, artefacts displayed in the Museum. The company runs V&A Publications and V&A Picture Library and operates both a corporate entertainment business and the educational services facility based at the Museum.

In respect of an un-drawn overdraft facility Coutts & Co hold a Mortgage Debenture dated 22 March 1988 over the company's assets. This is in the form of a floating charge. In addition there is a loan facility of £2m extended to V&A Enterprises Limited by the Museum.

The Museum also owns 100% of the issued share capital of V&A Holdings Limited which in turn owns 100% of the issued share capital of V&A Limited which ran the V&A Golden Age of Couture Gala on behalf of the Museum during the year. These accounts have also been consolidated with the results of the Museum.

A summary of the results of the subsidiaries is shown below:

	V&A Limited		V&A Enterprises Limited	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Profit and loss account				
Turnover	653	–	10,060	9,489
Cost of sales	–	–	(3,551)	(3,519)
Gross Profit	653	–	6,509	5,970
Administrative expenses	(459)	–	(4,804)	(4,304)
Trading profit	194	–	1,705	1,666
Interest receivable and similar income	–	–	82	31
Payment under gift aid to Museum	(194)	–	(1,786)	(1,677)
Profit on Ordinary Activities before Taxation	–	–	1	20
Taxation	–	–	(1)	(20)
Retained in subsidiary	–	–	–	–
	2008	2007	2008	2007
Balance sheet	£'000	£'000	£'000	£'000
Tangible fixed assets	–	–	184	308
Current assets	194	–	4,849	3,304
Creditors due within one year	(194)	–	(3,830)	(3,409)
Creditors due after one year	–	–	(1,000)	–
Net assets	–	–	203	203
Share capital and reserves	–	–	203	203

Reconciliation of results of trading company to the consolidated Statement of Financial Activities:

	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Turnover	653	–	10,060	9,489
<i>Intercompany transactions</i>	–	–	–	–
Trading income included within SOFA	653	–	10,060	9,489
Cost of sales	–	–	3,551	3,519
Administrative expenses	459	–	4,804	4,304
Taxation	–	–	1	20
<i>Intercompany transactions</i>	–	–	(86)	(55)
Trading costs included within SOFA	459	–	8,270	7,788
Interest receivable and similar income	–	–	82	31
<i>Intercompany transactions</i>	–	–	–	–
Included in Investment Income per SOFA	–	–	82	31

Heather Trust for the Arts

In March 2008 the V&A entered into an agreement with the Heather Trust for the Arts (custodians of The Rosalinde and Arthur Gilbert Collection, a collection of silver, gold, micromosaics and gold boxes) to display this substantial collection at the V&A. On the 18 March 2008 effective control of the Heather Trust for the Arts passed to the V&A as part of the agreement mentioned above. The V&A has effective control of the Board of the Heather Trust for the Arts with the appointment of V&A trustees onto the Board of the Heather Trust for the Arts and accordingly its results have been consolidated into the museum's results as follows:

Statement of Financial Activities	2008 £'000
Donations	9,556
Interest	2
Other Income	90
Administrative expenses	(1)
	<u>9,647</u>
 Balance sheet	
Investments	9,556
Cash	92
Creditors	(1)
Total Funds	<u>9,647</u>

As the above Investments held in the Heather Trust for the Arts balance are a permanent endowment these are shown as such in note 14 to the accounts.

9 Debtors

	Group 2008 £'000	Museum 2008 £'000	Group 2007 £'000	Museum 2007 £'000
Trade debtors	1,780	1,354	2,013	1,859
Other debtors	194	148	195	153
Prepayments and accrued income	2,020	1,542	1,562	1,126
Prepaid exhibition expenditure	1,494	1,494	1,673	1,673
Recoverable taxation	1,353	1,353	1,598	1,598
Amounts due from subsidiary undertaking	-	2,755	-	2,103
	<u>6,841</u>	<u>8,646</u>	<u>7,041</u>	<u>8,512</u>
 Amounts falling due after one year				
Debtors – after one year	-	1,000	-	-
	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>

During the year the Museum formalised the working capital element of its intercompany balance with its trading subsidiary. This was done in the form of an intercompany loan for £1,000,000. The loan is repayable on demand and is secured by a floating charge on all of the subsidiary's assets. The Museum has confirmed that it will not call the loans for repayment until, at the earliest 30 June 2013, and then subject to the ability of the subsidiary to make repayments. Interest on the loan is charged at 1% above the Bank of England Base rate.

10 Creditors

		Group 2008 £'000	Museum 2008 £'000	Group 2007 £'000	Museum 2007 £'000
Amounts falling due within one year					
Trade creditors		1,072	769	1,125	878
Other creditors		3	3	40	40
Accruals		5,525	4,978	4,732	4,321
Deferred income	11	3,305	3,305	3,535	3,535
Deferred exhibition income		741	741	265	265
Taxation and social security costs		901	901	980	878
Provisions – within one year	12	95	95	145	145
		11,642	10,792	10,822	10,062
Amounts falling due after one year					
Provisions – after one year	12	139	139	187	187
		139	139	187	187

11 Deferred Income

	2008 £'000	2007 £'000
As at 1 April 2007	3,536	3,518
Deferred in current year	75	185
Released from previous year	(306)	(167)
As at 31 March 2008	3,305	3,536

Of this balance £3.23m represents funds given to the Museum by RIBA in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12 Provisions

	2008 £'000	2007 £'000
As at 1 April 2007	333	521
Provision in year	164	86
Paid in year	(262)	(274)
As at 31 March 2008	235	333

The provisions relate to those early retiring employees for whom the Museum will continue to pay PCSPS contributions until they reach 60 years old.

13 Financial commitments

At 31 March 2008 the Museum had annual commitments under non-cancellable leases as follows:

	2008 Land & Buildings £'000	2008 Other £'000	2007 Land & Buildings £'000	2007 Other £'000
Operating leases which expire:				
Within one year	35	13	–	13
Between two to five years	530	192	605	48
After five years	103	–	–	–
	668	205	605	61

14 Statement of funds

	As at 1 April 2007 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ losses & Revaluation £'000	As at 31 March 2008 £'000
Unrestricted Funds						
General Income funds ⁴	1,000	53,749	(52,114)	(1,635)	171	1,171
Designated Income funds ⁴	1,147	1,009	(766)	1,587	–	2,977
Bequests	4,598	202	(21)	–	(8)	4,771
Designated Capital funds ⁴	1,072	–	(5,451)	5,374	–	995
Total Unrestricted Funds	7,817	54,960	(58,352)	5,326	163	9,914
Restricted Funds						
<i>Restricted Income Funds</i>						
– Acquisitions for the Collection	247	327	(399)	–	–	175
– Collections funds ³	1,700	1,828	(766)	(28)	1	2,735
– Exhibitions & Contemporary	12	74	(19)	–	–	67
– Education, Learning & interpretation	124	1,509	(1,161)	50	–	522
– Branch Museum funds	(73)	643	(390)	–	–	180
– Museum Development funds	8,923	14,197	(12,490)	(171)	–	10,459
– Permanent endowment income	477	215	(43)	197	63	909
	11,410	18,793	(15,268)	48	64	15,047
Restricted Capital funds ²	331,103	(371)	11,001	(5,781)	8,883	344,834
Acquisitions restricted fund ¹	30,801	3,556	–	407	–	34,765
	361,904	3,185	11,001	(5,374)	8,883	379,599
Total Restricted Funds	373,314	21,978	(4,267)	(5,326)	8,947	394,646
Permanent endowment Heather Trust for the Arts	5,003 –	1,160 9,556	– –	– –	(164) –	5,998 9,556
Total Endowment Funds	5,003	10,716	–	–	(164)	15,555
Total Funds	386,134	87,654	(62,619)	–	8,946	420,115

¹ Transfers are made each year from Unrestricted to Restricted funds in respect of the Government funded portion of Capital movements since the assets are subject to restrictions on their disposal.

² Transfers have been made from Restricted to Unrestricted funds in respect of the capital funds in order to show the value of the Museum's fixed assets as separate restricted and designated funds.

³ Transfers are made from Restricted funds following the end of the specific projects only when this is in line with the donor's wishes for the use of the funds

⁴ Transfers are made each year from unrestricted funds in order to fund designated acquisitions and to contribute to restricted funds as required.

Unrestricted funds general

The general funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. The amount of these available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum is detailed in note 15.

Unrestricted funds designated

These funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. They consist mainly of the following:

Designated Income funds – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes.

Bequests – funds which have built up over a number of years from various bequests and which have been designated by the trustees.

Designated Capital funds – expenditure funded from non restricted sources which has been capitalised. These funds represent the movements of the fixed assets and agree to the balance sheet values.

Restricted funds

These funds are subject to specific restriction imposed by the donor, by the purpose of an appeal or are received for a specific purpose. They consist mainly of the following:

Acquisitions for the Collection – a collection of funds from various donations, which are to be used to purchase items for the Collection

Collection funds – funds from various donations, which are to be used to maintain and support the Collections

Exhibitions & Contemporary funds – funds for the specific purpose of putting on exhibitions

Education, Learning & interpretation funds – a collection of funds to enable the Museum to provide Education facilities and services

Branch Museum funds – funds specifically for the development of the Museum of Childhood and the Theatre Collection. The deficit balance will be cleared in the next financial year as the fund is awaiting income from a claim submitted to the Heritage Lottery Fund

Museum Development funds – funds received in relation to FuturePlan projects

Permanent endowment funds income – income arising from the investment of the Permanent endowment funds, which is to be used as agreed on original receipt of the permanent endowment

Restricted Capital funds – funds held for the maintenance and revaluation of the Museum's land and buildings at South Kensington, Bethnal Green and Blythe House. These funds represent the movements of the fixed assets and agree to the balance sheet values.

Acquisitions – These funds represent the movements in the capital value of the acquisitions and agree to the balance sheet values.

Permanent endowment funds

These comprise funds donated on condition that the capital value of the donation is held in perpetuity.

With the consolidation of the Heather Trust for the Arts, the permanent endowment held for the ongoing upkeep of the Gilbert Collection by the Heather Trust has been shown as a separate permanent endowment above.

15 Statement of fund commitments as at 31st March 2008

	As at 31 March 2008 £'000	As at 31 March 2007 £'000
<i>Funds available for spending at Trustees' Discretion:</i>		
General income funds	969	797
Designated income funds	7,748	5,745
	8,717	6,542
<i>Funds raised for specific purposes:</i>		
Restricted income funds	15,047	11,410
Total funds available for spending	23,764	17,952
<i>Funds not available for Trustees' spending:</i>		
General income funds – share capital of V&A Enterprises	203	203
Permanent endowment funds (Capital element)	15,555	5,003
Capital funds (Fixed Assets)	380,594	362,976
Total funds not available for spending	396,351	368,182
Total funds in balance sheet	420,115	386,134

16 Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total 2008	Total 2007
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2008 are represented by:					
Tangible fixed assets	1,179	379,599	–	380,778	363,285
Investments	4,418	16,124	4,698	25,240	10,876
Current assets	16,098	(1,077)	10,857	25,878	22,982
Current liabilities	(11,642)	–	–	(11,642)	(10,822)
Provision for liabilities and charges	(139)	–	–	(139)	(187)
Net assets	9,914	394,646	15,555	420,115	386,134

17 Capital commitments

	2008	2007
	£'000	£'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	19,467	7,707
Authorised, but not contracted for	17,709	34,938

The majority of the capital commitments relate to the Medieval and Renaissance Gallery due to open in late 2009 and the Ceramics Gallery also due to open in late 2009.

18 Related Party Transactions

The Victoria and Albert Museum is a Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). Other bodies sponsored by DCMS are regarded as related parties, as are organisations in which Trustees or key members of management (or their connected persons) have an interest. During the year, the Victoria and Albert Museum only entered into transactions with related parties under normal business terms.

Related Party	Amount Purchased	Amount Sold	Year end balance Debtors	Year end balance (Creditors)	Donations/ Grants Received
	£'000	£'000	£'000	£'000	£'000
Imperial War Museum	–	26	–	–	–
National Heritage Memorial Fund	–	–	–	–	1,750
Natural History Museum	1,378	299	1	–	–
Royal College of Art	33	145	143	–	–
Science Museum	401	77	51	(54)	–
TATE – all sites	2	43	3	–	–
The National Gallery	–	26	6	–	–
Pearson Group	–	37	–	–	–
British Museum	–	43	–	–	–

Three trustees donated a total of £3.75m during the year.

The balances with the Natural History Museum and Science Museum relate to supplies of electricity, heating, storage and telephone services.

No other Trustees or staff member obtained any personal pecuniary benefit from these transactions and no trustee or staff member had any other material transactions with the Museum in the year. No trustees held any significant interests which would conflict with their management responsibilities of the Museum.

The Director and Deputy Director of the Victoria and Albert Museum serve unremunerated on the Board of V&A Enterprises Limited.

19 Contingent Liabilities

There are no contingent liabilities as at 31st March 2008 (2007: Nil).

20 Post Balance Sheet Events

There were no post balance sheet events except for the authorised for issue date as disclosed on the balance sheet.

21 The 'Super' SOFA (Statement of Financial Activities)

The 'Super' SOFA shows the results for the year from the SOFA split between the different areas to which the income and expenditure relates.

	INCOME AND EXPENDITURE FUNDS				CAPITAL FUNDS				COLLECTION AND ACQUISITION FUNDS				TOTAL FUNDS				
	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	
	Unrestricted funds	Designated funds	Unrestricted funds	Restricted funds	Perm Endow funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Perm Endow funds	Total funds	
Incoming Resources																	
<i>Incoming resources from generated funds</i>																	
Voluntary income																	
- Grant in Aid	38,527	-	38,527	485	-	39,012	-	3,250	3,250	-	3,250	-	38,527	3,735	-	42,262	
- Donations, legacies and similar income	1,115	-	1,115	11,416	10,716	23,247	-	-	-	-	-	-	1,115	11,416	10,716	23,247	
- Donated objects	-	-	-	-	-	-	-	-	-	-	-	-	3,185	3,185	-	3,185	
Activities for generating funds																	
- Trading income	10,060	653	10,713	-	-	10,713	-	-	-	-	-	-	10,713	-	-	10,713	
- Sponsorship	175	-	175	119	-	294	-	-	-	-	-	-	175	119	-	294	
Investment income	422	202	624	718	1,342	1,342	-	-	-	-	-	-	624	718	-	1,342	
	50,299	855	51,154	12,738	10,716	74,608	-	3,250	3,250	-	3,185	-	51,154	19,173	10,716	81,043	
<i>Incoming resources from charitable activities</i>																	
Lottery income	-	-	-	2,229	-	2,229	-	-	-	-	-	-	-	2,229	-	2,229	
Admission & exhibition fees (incl loans & touring)	2,721	-	2,721	10	-	2,731	-	-	-	-	-	-	2,721	10	-	2,731	
	2,721	-	2,721	2,239	-	4,960	-	-	-	-	-	-	2,721	2,239	-	4,960	
<i>Other incoming resources</i>																	
Other income	729	356	1,085	566	-	1,651	-	-	-	-	-	-	1,085	566	-	1,651	
Exceptional item income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	729	356	1,085	566	-	1,651	-	-	-	-	-	-	1,085	566	-	1,651	
Total incoming resources	53,749	1,211	54,960	15,543	10,716	81,219	-	3,250	3,250	-	3,185	-	54,960	21,978	10,716	87,654	
Resources expended																	
<i>Cost of generating funds</i>																	
Costs of generating voluntary income	2,933	-	2,933	4	-	2,937	192	53	245	-	-	-	3,125	57	-	3,182	
Fundraising Trading costs	8,271	459	8,730	-	-	8,730	-	-	-	-	-	-	8,730	-	-	8,730	
Investment management costs	34	21	55	31	-	86	-	-	-	-	-	-	55	31	-	86	
	11,238	480	11,718	35	-	11,753	192	53	245	-	-	-	11,910	88	-	11,998	
<i>Charitable activities</i>																	
Collections & Visitors	28,983	307	29,290	10,684	-	39,974	4,870	(7,670)	(2,800)	(407)	(371)	(778)	33,753	2,643	-	36,396	
Exhibitions & Contemporary Education, Learning & Interpretation	6,025	-	6,025	93	-	6,118	183	72	255	-	-	-	6,208	165	-	6,373	
	5,213	-	5,213	1,206	-	6,419	528	137	665	-	-	-	5,741	1,343	-	7,084	
	40,221	307	40,528	11,983	-	52,511	5,581	(7,461)	(1,880)	(407)	(371)	(778)	45,702	4,151	-	49,853	

21 The 'Super' SOFA (Statement of Financial Activities) (cont'd)

	INCOME AND EXPENDITURE FUNDS				CAPITAL FUNDS				COLLECTION AND ACQUISITION FUNDS				TOTAL FUNDS				
	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	
	Unrestricted funds	Designated funds	Unrestricted funds	Total funds	Restricted funds	Unrestricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Perm Endow funds	Total funds	Unrestricted funds	Restricted funds	Total funds
Governance costs	655	-	655	655	85	28	113	-	-	113	-	-	28	740	28	-	768
Total resources expended on notional costs	655	-	655	655	85	28	113	-	-	113	-	-	28	740	28	-	768
Net resources after notional costs	52,114	787	52,901	64,919	5,858	(7,380)	(1,522)	(407)	(371)	(778)	58,352	4,267	-	58,352	4,267	-	62,619
Reversal of notional costs	1,635	424	2,059	16,300	(5,858)	10,630	4,772	407	3,556	3,963	(3,392)	17,711	10,716	(3,392)	17,711	10,716	25,035
Net resources before transfers	1,635	424	2,059	16,238	(5,925)	1,049	(4,876)	407	3,556	3,963	(3,459)	8,068	10,716	(67)	8,068	10,716	15,325
Gross transfers between funds	(1,635)	-	(48)	62	67	9,581	9,648	-	-	-	67	9,643	-	-	9,643	-	9,710
Net after transfers	171	424	2,011	16,300	(5,858)	10,630	4,772	407	3,556	3,963	(3,392)	17,711	10,716	67	17,711	10,716	25,035
Gains/(losses) on investment assets	-	(8)	163	63	-	-	-	(407)	407	-	5,326	(5,326)	-	-	5,326	-	-
Gain on revaluation of fixed assets for the charity's own use	171	-	-	-	5,781	(5,781)	-	-	-	-	-	-	-	-	-	64	(164)
Net movement in funds	171	2,003	2,174	16,363	(77)	13,732	8,883	-	3,963	3,963	2,097	8,883	-	2,097	21,332	10,552	33,981
Fund balances bfwtd at 1 April 2007	1,000	5,745	6,745	23,158	1,072	331,103	332,175	-	30,801	30,801	7,817	373,314	5,003	30,801	373,314	5,003	386,134
Fund balances cfwtd at 31 March 2008	1,171	7,748	8,919	39,521	995	344,835	345,830	-	34,764	34,764	9,914	394,646	15,555	34,764	394,646	15,555	420,115

Value of acquisitions in year

Free Reserves: General, designated & bequest

Operational result for the year

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